

# 2016

Annual report







**Lars Stugemo,**  
President and CEO of HiQ

# 2016 – A YEAR OF RECORDS AND RAPID DIGITAL PROGRESS

2016 has been a record year for HiQ, with sales rising by 10% to a total of SEK 1,659.4 million. Operating profit is SEK 207.9 million and by the end of the year HiQ has almost 1,600 employees. All these figures are our highest to date. Our financial position is strong, with a cash flow of SEK 131.7 million and SEK 204.3 million in liquid assets. The proposed dividend of SEK 3.10 per share corresponds to a total pay-out of approximately SEK 170 million – and that, too, is a record!

2016 will be remembered as a year of digitalisation. It is the word on everyone's lips – among clients, employees and throughout the world around us. Digital technology continues to take society by storm, a phenomenon fuelled by developments in technology that are reshaping entire sectors, challenging established business models and changing people's behaviour at breakneck speed.

Today we are helping to create the cashless society, developing self-driving vehicles and enabling people to meet a doctor in their mobile phones for an online consultation or diagnosis. We are developing services and products that make life simpler and better in sectors as diverse as industry, healthcare, retail, public transport and many more besides.

The quality of our work has been acknowledged on several occasions during the past year in the form of a string of awards, honourable mentions and nominations. These include an honourable mention in Finland's "Project of the Year 2016" contest, and the Swedish Publishing Award's special prize for usability with the motivation "for an unsurpassed focus on helping users to find what they need. Bingo!". Many of our projects also feature among IDG's Top 100 internet sites, and December saw HiQ named yet again as one of Sweden's Career Companies. It makes us both proud and happy to know that this distinction confirms our continuing appeal as an employer.

When we founded HiQ in the mid-1990s, our offer was very much aimed at a niche market. In the intervening years we have succeeded in retaining our technology-heavy DNA while steadily expanding our client portfolio and the number of sectors and industries in which we work. Today we are able to accompany our customers on their journey all the way from concept to development, on through maintenance to continuous optimisation. We stand proudly at the intersection between technology, people and business – exhilarated and energised to know that we are now supporting our customers with solutions that, a mere 20 years ago, would have been the stuff of dreams.

Looking into the future, I am convinced that digital technology and technological progress will continue to shape our society at an ever-increasing pace. Companies and organisations will redefine their operations and create new business models. Fast-growing start-ups with innovative business concepts based on new technology will challenge established names. As a result, people's lives will become simpler and better, and the world will be a more fun place to live. Of course, no one can foresee exactly what will happen. But we do know that progress will continue to amaze us by exceeding even our wildest expectations.

With the best employees in the industry, an impressive portfolio of clients and truly robust finances, I look forward with confidence to the next chapter in the HiQ story.

**Lars Stugemo**, President and CEO of HiQ

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**Lars Stugemo**, President and CEO, HiQ



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## Annual General Meeting

The Annual General Meeting will take place at 10 a.m. (10:00 CET) on 22 March 2017, in HiQ's 9th floor office at Regeringsgatan 20 in Stockholm. A notice of the meeting will be published on the company website, [www.hiq.se](http://www.hiq.se), and will also be advertised in Post & Inrikes Tidningar and in the Swedish daily newspaper Svenska Dagbladet.

## Financial reporting dates

Interim report January – March 2017 will be published 25 April 2017

Interim report January – June 2017 will be published 18 July 2017

Interim report January – September 2017 will be published 26 October 2017

Year-end report 2017 will be published 30 January 2018

# THE YEAR AT A GLANCE

2016 is HiQ's most successful year to date. We advance our position and deliver strong results, with a record in revenues, dividend and number of employees. We are hiring, growing, and winning new clients and framework agreements, and we continue creating solutions that make a difference in people's everyday lives.

HiQ has close to 1,600 fantastic employees who are helping our brave and forward-thinking clients to simplify and improve, while having fun together. We have a strong standing in our domestic markets and we are winning new assignments internationally. During the year we acquire Great Apes Oy in Finland – a digital design and development agency with 15 specialists. The acquisition enhances HiQ's existing team of experts within the digital area in Finland and strengthens our position even further.

**“Close to  
1,600 fantastic  
employees.”**

We have a strong cash flow of SEK 131.7 million and a solid balance sheet. HiQ's liquid assets total SEK 204.3 million in the end of 2016, and the Board proposes that the Annual General Meeting approves a dividend to shareholders of SEK 3.10 per share, totalling SEK 170 million (in the form of a split and a mandatory redemption programme).

In 2016, digitalisation continues to influence all industries by creating new opportunities and challenging existing value chains. In this development HiQ plays an important role. With more than 20 years experience and profound know-how, we help our clients to utilise the potential of technology and contribute to a better and more joyful world.

Today, all organisations operate in the same connected world – the established and traditional players as well as the technology-intensive startups. HiQ has a strong position in both groups, which makes us even more competitive. During the year it is very clear that our driving force, our offer, and our range, both regarding competence and client base, is more relevant than ever.

HiQ's largest market segment is currently the industry sector, an area in which terms such as Industry 4.0 and IoT are now going from vision to reality. The potential to streamline and rethink are huge, and we win many assignments in which we get to create value for our clients and for our clients' customers. During the year we for example work with Toyota Material Handling Europe and 3nine – two exciting collaborations with a focus on innovation and digitalisation.

We continue to grow strongly in the public sector and within healthcare – areas that affect everyday life for all of us, and in which technology creates great possibilities to simplify and increase accessibility. As an example, we win a new significant framework agreement with the Stockholm County Council. In Finland, we develop the eHealth service DiacorPlus for Diacor – a mobile clinic that enables you to meet

the doctor via chat or video, and access your personal patient data. The service is nominated for the award of “Digital Disruption” in a large Finnish digital gala, and also wins an honorary mention in the “Project of the year 2016” awards.

We are also winning other awards during 2016, which makes us proud and shows that we are doing the right things together with our clients. In the Swedish Publishing Awards we receive a Usability Award together with the Municipality of Enköping, for the new [enkoping.se](http://enkoping.se). We are also part of the winning team that receives a Volvo Cars Technology Award within product development, for the innovative service In-Car Delivery, a project HiQ has worked with since the start.

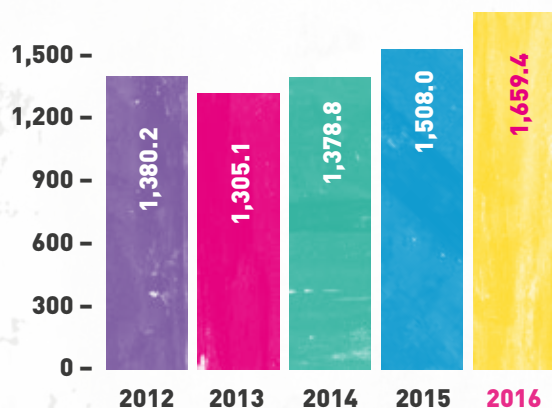
We are more employees than ever before, and it makes us happy that so many driven, skilled and great people want to be a part of developing HiQ. Together we con-

tinue building the company that we, ourselves, want to work in – large enough to offer the range and cutting-edge expertise requested by our clients, but not bigger than that every employee feels involved and important. A company in which we create winning results in combination with joy, passion and energy.

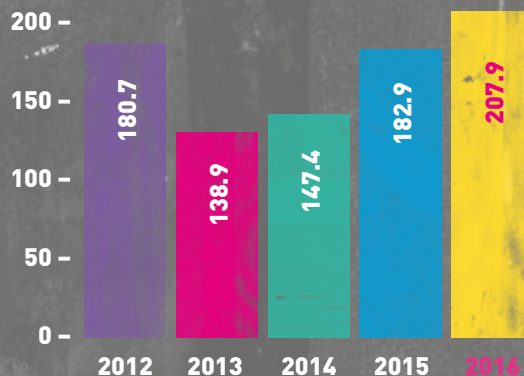
**FOCUS ON  
INNOVATION AND  
DIGITALISATION**



Net sales  
(SEK million)



Operating profit  
(SEK million)



**1,573**

**NUMBER OF —  
EMPLOYEES AT HQ**

**61.50**

**SHARE —  
PRICE AT END  
— OF YEAR**

**+14%**

**PROFIT 2016**

**+10%**  
**SALES**

**12.5%**

**EBIT —  
MARGIN**

Sales

**SEK 1,659.4  
MILLION**





# **WE MAKE THE WORLD A BETTER PLACE. AND A LITTLE MORE FUN.**

Technology is bringing about rapid changes in our lives and opening up new opportunities and business models. Here at HiQ, our understanding of what people need and how they behave helps us to create innovative solutions for tomorrow's world. We make the world a better place by making people's lives simpler. We use our insights into people, technology and business to create results for our customers.

HiQ has close to 1,600 specialists in four countries and is listed on the Nasdaq Stockholm Mid Cap list. We help customers from every branch of industry to develop their business at every level. We partner them from the initial idea stage through design to technical development and on to implementation and maintenance. We build a strong HiQ by giving priority to quality, profitability and growth – in that order.

HiQ delivers competence, commitment and the power of innovative thinking. HiQ's domestic market is the Nordic countries but we are also winning assignments in the international arena. Examples include swift, secure mobile payment solutions, systems for autonomous in-car technology to prevent accidents, and communication solutions to help protect endangered wildlife. No matter how great or small the assignment, we always work to the same goal. To put our heart and soul into creating solutions that make the world a better place – and one that is a little more fun to live in.

# OUR VALUES

HiQ is, and always has been, a value-based company – results, responsibility, simplicity and joy have influenced everything that we do since the start in 1995. At HiQ, these are not only pretty words. They are the standards that we live by every day, in every project, to create a competitive advantage and a more joyful everyday life for ourselves and for our clients.

## **Results**

In order to have satisfied clients we must deliver results, in every assignment every day. We monitor this through a continuous and open dialogue with our clients – in everyday communication and through extensive client surveys. Because regardless of the number of years in the business, HiQ is a young, hungry and result-oriented company, constantly striving to make a difference in people's lives and in our clients' organisations. Thanks to the results we deliver, our clients can offer products and services that make people's lives simpler, safer and more fun.

## **Responsibility**

Every HiQ employee sets a good example and takes responsibility in words as well as in action – for themselves, for their team, and for the overall outcome. This covers everything from delivering the right results at the right time, to creating a good atmosphere and energy wherever we carry out our work – at home at HiQ as well as in our assignments. We do the little extra to create added value for our clients, and to build the HiQ that we ourselves want to work in.

## **Simplicity**

We believe that innovation should be spelled simplicity. Striving for simplicity makes us creative and gives us the courage to discard whatever is not necessary. For our clients, simplicity means that we at HiQ are accessible, quick, and not hesitant to propose unexpected solutions and improvements. We're not afraid of complex challenges – on the contrary, we are at our best when faced with difficult tasks and tight deadlines, and when we get to use smart ideas and advanced technology in order to simplify for people.

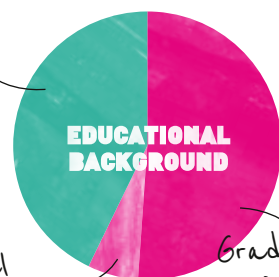
## **Joy**

We believe in joy. When having fun at work and being oneself, we believe that one also performs better. We have fun working together with our clients, which shows in the results we create. Good dynamics support creativity, which in turn makes both HiQ and our clients more competitive. Joy infuses HiQ as a company, everyone who works here, and the collaboration with the clients we meet every day.



Other academic background  
(for example systems  
development, design, finance)  
43%

Other educational  
background 6%

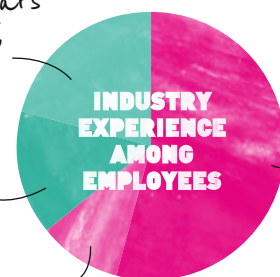


Graduate  
engineers  
51%

6-10 years  
21%

2-5 years  
15%

Less than 2  
years 10%



More than  
10 years  
54%

## THE HiQ EMPLOYEE

At HiQ we recruit the best employees. This creates strong teams consisting of people with different backgrounds, origins and competences – a mix of women and men in all ages. All of our employees are unique and at HiQ it's a given to be who you are. This encourages creativity, which makes us more innovative and competitive.

HiQ has a strong corporate culture that is infused by our values – results, responsibility, simplicity and joy. For us it's important that our employees are feeling good, having fun and feel that they are developing. Regardless if it's about competence development and courses, or about social activities such as working out or playing music together. We think that having a balance in life is important, and we believe that what we do in our spare time is reflected in our work and vice versa. We are

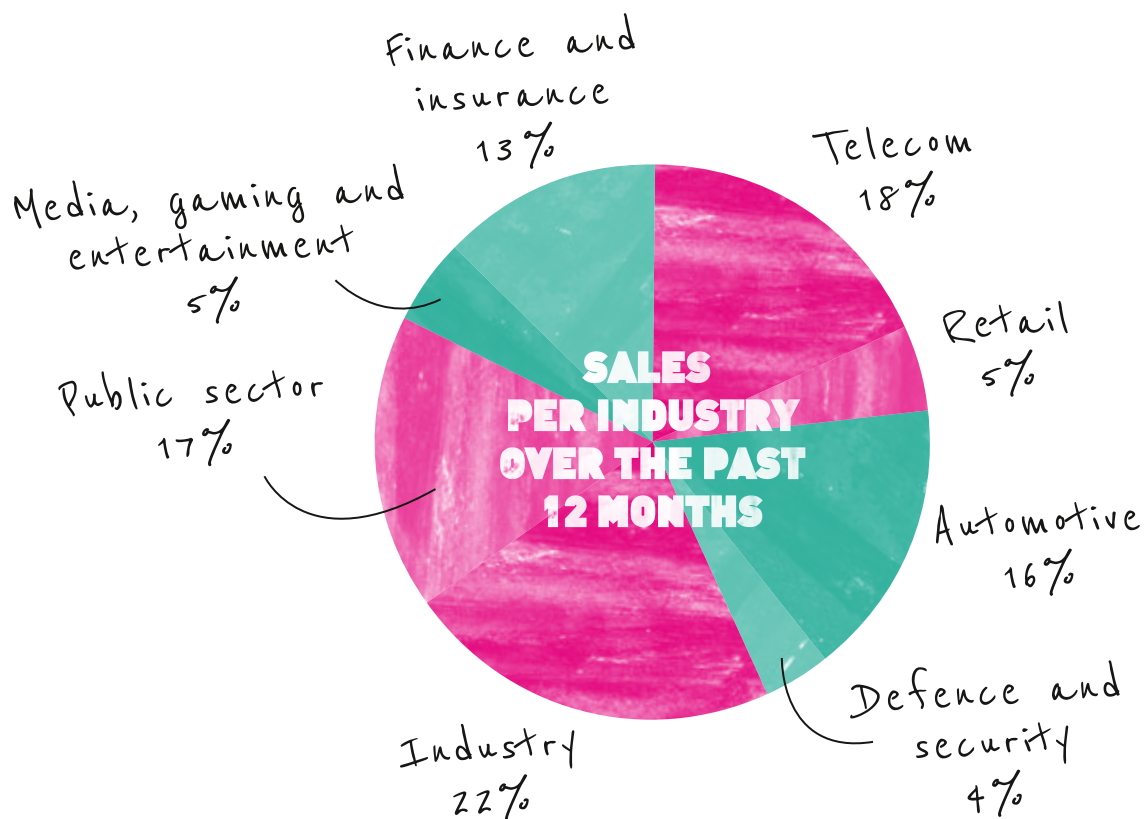
happy that so many skilled and great people want to be a part of developing and building HiQ, and it makes us proud when we are ranked high as an employer.

A typical HiQ'er is positive, motivated and highly skilled – skills that come from both experience and studies. Today, we are close to 1,600 employees combining joy, responsibility and simplicity while creating winning results together with our clients.

Key ratios 5 years	2016	2015	2014	2013	2012
Net sales per employee, thousand	1,219	1,187	1,115	1,086	1,150
Value add per employee, thousand	943	929	881	858	889
EBIT per employee, thousand	153	144	119	116	151
Number of employees at end of year	1,573	1,415	1,412	1,326	1,326
Average number of employees	1,361	1,270	1,237	1,202	1,200
Proportion of women	23%	22%	24%	24%	22%
Average age, years	39	39	39	38	37

# OUR CLIENT SEGMENTS

We divide our market into different areas and have a broad, well-balanced market mix. This is of great benefit to our clients, to us as a company and to our employees. All market areas are characterised by companies' and organisations' need for digital solutions, which brings efficiency, contributes to innovations, new offerings and new value chains.







## INDUSTRY

There is more and more talk about Industry 4.0 and the potential of the Internet of Things. The challenge is to decide which opportunities actually add value. Not just innovation for its own sake. Innovation needs to benefit users and generate results.

HiQ is firmly established in this segment and we help many leading operators with strategic development, digital tools, more efficient processes and smart integration with other systems.

One of the forward-thinking HiQ clients is Toyota Material Handling Europe, which develops warehouse truck solutions. In an innovation partnership, HiQ helps this logistics company develop its offering and benefit from the opportunities provided by digitalisation. The long-term goal is a fully digital warehouse which enhances business and makes life easier for both warehouse staff and end customers.

Clients include 3nine, ABB, Assa Abloy, Atlas Copco, Bombardier, Cactus, DEKRA, Destia, Electrolux, Elenia, Finnair, Jeppesen Systems, Kuusakoski, Toyota Material Handling Europe and SAS.



## TELECOM

Since 1995, HiQ has held a very strong position in this segment and we collaborate with global and market leading clients. For more than 20 years we have worked with suppliers, operators, users and legislative authorities. This provides us with extensive technical and commercial know-how in telecommunication systems.

Mobility and network connection are a fact of life today. Our solid telecom experience and know-how therefore create great value for clients and projects in all industries as digitalisation spreads. Today we work broadly with the clients in this segment; with advanced technological systems and with digital channels and solutions aimed directly at the end users. We are also winning strategic assignments in which our task is to identify new possibilities and enhance the efficiency of businesses.

During the year, HiQ becomes a strategic partner to Polystar, a leading company in the field of analysis, services and products for increased network performance, which helps telecom companies worldwide optimise customer experience. Thanks to the partnership with HiQ, Polystar can offer even faster, better service.

Clients in this segment include Ascom Wireless Solutions, Com Hem, Doro, Ericsson, Microsoft Devices, Polystar, Telefonor, TDC, Telia and Tele2.



## PUBLIC SECTOR

Our clients aim to offer us citizens the best possible service, and the challenges involve everything from out-dated systems and managing large data volumes to security and integrity issues. HiQ is growing fast in the public sector in health and social care, areas that clearly affect people's everyday lives.

Major framework agreements give us a strong platform on which to grow further in this segment. During the year, we win a framework agreement with Stockholm County Council, thus reinforcing our position in health and social care.

DiacorPlus is the eHealth service that HiQ develops for the Finnish company Diacor, which makes it possible to communicate with a doctor via chat or video call and see your own patient records. This is an efficient aid for anyone who is unable or unwilling to visit a health centre. The service previously received an award and in 2016 it receives a mention of honour in the 'Project of the Year 2016' competition in Finland.

HiQ wins and implements digital communication assignments, several in the local authority sector. Municipal web platforms for Kungälv, Partille and Enköping are developed in partnership with HiQ. During the year, the website [enkoping.se](http://enkoping.se) wins the Swedish Publishing Award's special award for usability because of its "excellent focus on helping users find what they need – bingo!".

Clients include the Swedish Public Employment Service, Diacor, Enköping Municipality, the Swedish Enforcement Authority, Kungälv Municipality, the Swedish Civil Contingencies Agency, the Swedish Post and Telecom Authority, the Government of Sweden, the Swedish Tax Agency, Stockholm County Council, the Swedish Association of Local Authorities and Regions, and Finnish Customs.



## AUTOMOTIVE

The automotive industry is hotter and more technology-intensive than ever. Vehicles are now connected and part of an ecosystem in which the various components communicate with each other. Cars are no longer just a means of transport. They are a service platform, and it's more about the new services that digitalisation enables and creates. At the same time, technological development continues to make vehicles safer and more environment friendly..

In this exciting, rapid development process, HiQ is a strong, experienced operator, both delivering cutting-edge technology and being a partner for innovation, including concept development on projects concerning Virtual Reality and Mixed Reality (Computer generated graphics in a real world environment).

Autonomous or self-driving vehicles are a focus area for HiQ. We are involved in an extensive research project in which 100 self-driving Volvo cars will be tested on selected roads in Gothenburg in 2017 with ordinary individuals as test drivers.

HiQ is part of the winning team behind Volvo In-Car Delivery, which receives the prestigious Volvo Cars Technology Award for product development. HiQ participated in the development of the concept and technology of the solution, which attracts global attention and makes it possible to order goods directly to your connected car.

Clients in this segment include Autoliv, BorgWarner, Scania, Volvo Cars and Volvo Group.



## FINANCE AND INSURANCE

The financial industry is changing fast. Several innovative new operators are emerging on the market to challenge the established players.

We have a strong offering created through our extensive experience from the financial sector, combined with expertise in digitalisation and mobile solutions. We are proud of the figures showing that millions of people use the different services that HiQ works with, in both Sweden and Finland.

For example, HiQ helps Volvofinans Bank on their digital journey by creating the mobile service CarPay. The service offers full control over car-related purchases and payments, plus entirely new benefits. We are also continuing to help the Finnish bank S-Pankki make life easier for its 2.9 million customers with its joint initiative with the ABC chain, permitting customers to pay for fuel directly using the service S-mobiili.

Clients include Bankgirot, Collector, Fennia, Handelsbanken, LähiTapiola, Nordea, OP Pohjola Group, S-Group, SEB, Swedbank, Swedish Motor Insurers, Varma and Volvofinans Bank.



## MEDIA, GAMING AND ENTERTAINMENT

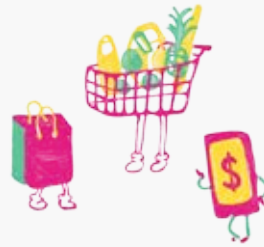
Today, we decide for ourselves when, where and how we want to watch TV, play games or follow the news. When augmented and virtual reality enter our daily lives, new opportunities will arise to create exciting experiences. We saw this already in 2016 with the global success of Pokémon Go.

For the operators in this industry, competition is intense, and the range of offerings available is huge. This raises the bar for content and usability. Those who offer quality content and deliver it through simple, user-friendly platforms will succeed.

These challenges perfectly match HiQ's position at the point at which technology, people and business intersect. We combine technical expertise with design and user focus. During the year, we win framework agreements with both SVT and Viaplay for the development of digital services.

Nordic companies enjoy global success in the gambling and gaming sectors, and HiQ has worked with a wide range of leading companies on this exciting market for a long time.

Clients include Channel 4, DICE, Fintoto, GTECH, King, MTG, MTV 3 Finland, Rovio, Spotify, SVT, TV4, Utbildningsradion, Veikkaus and Viaplay.



## RETAIL

Retail is completely different that it was three years ago. New e-commerce records are set and shopping online is a natural component of consumer behaviour. We can drop the 'e' prefix now and see everything as simply retail, but via different channels and platforms. Efficient digital services mean that we are also buying more and more from foreign suppliers, creating new requirements and challenges for companies in the Nordic region, with the focus on user experience and the overall customer journey.

HiQ has broad industry knowledge and extensive experience working with leading retail chains. We work with clients from concept and design to quality assurance in everything from marketing and sales solutions to purchasing and logistics systems. We have valuable expertise in digital payment services to meet new requirements for simpler purchasing processes to increase conversion.

HiQ also helps companies with smart, innovative solutions for loyalty points and benefits in order to add value for the end customer. One of these operators is Suomen Lähikauppa (now Kesko). As a result of the integration solution implemented by HiQ, it can now offer its regular customers considerable benefits in its 700 stores.

Clients in this segment include ICA, Jula, Kesko, Stockmann and Vianor.



## DEFENCE AND SECURITY

We live at a time when defence and security are rapidly growing in importance, and external environmental monitoring. As the world situation becomes more uncertain, defence rises up the agenda. Cyber security, in particular, is increasingly important for all companies and organisations as more and more products and systems are connected to the web.

HiQ has gained wide experience in this segment ever since our foundation in 1995. For more than 20 years we have helped leading clients develop training and development simulators for JAS – high-tech solutions that are employed for more efficient, advanced training of hundreds of pilots worldwide.

Clients include the Swedish Defence Materiel Administration, the Swedish Armed Forces and SAAB.

# OUR STRATEGY FOR SUCCESS

**A value-based HiQ** – Our values have been our compass since the start and they are the very heart and soul of HiQ – in every assignment, every day. We know that results, responsibility, simplicity and joy are the keys for the highest quality, and thereby the foundation for satisfied clients and employees. Our values and our culture are significant competitive advantages for both HiQ and our customers.

## **A consultancy company**

HiQ is a consultancy company in the truest sense, acting as an independent advisor and putting our clients' interests first. Our main mission is to provide our clients with know-how, dedication, and innovative power.

## **Quality, profitability and growth**

HiQ stands for high quality. Delivering quality generates satisfied clients, which makes us profitable, which in turn gives us the opportunity to grow. We prioritise quality, profitability, and growth – in that order. Our growth strategy is to grow organically, supplemented by strategic acquisitions. HiQ's acquisition strategy is to strengthen the company's geographical presence in the Nordic region and to acquire companies that add new competence to HiQ.

## **Strong position within technology, people and business**

With technical expertise in our DNA, and a deep know-how about users, communication, and business, we help our clients to utilise the potential of digitalisation and to tackle the challenges in our surrounding world. We master the entire chain from R&D to digital and back and can therefore help our clients from idea to operation. For us, technology is a tool for simplifying and making a difference in people's everyday lives.

## **We deliver with the client in focus**

We offer a flexible delivery model with the client's needs and conditions in focus. We provide specialist know-how for projects on site and also execute projects in our own facilities and via near shore office. We also offer complete teams to our clients – teams that are efficient and successful in creating results.

## **Knowledge transfer between industries**

Since the start in 1995 we have continued to develop in pace with our clients needs and challenges, and with the possibilities created by technology. Our broadening enables us to constantly learn new things, and at HiQ we work actively with transferring knowledge between various industries and segments. This way our clients can benefit from new competence and inspiration from completely other industries than their own.

## **The Nordic region as our base**

HiQ is a consultancy company based in the Nordics and our position in the region is very strong. At the same time, our international commitments are steadily increasing, both in terms of assignments for non-Nordic companies and for Nordic clients that we accompany in assignments abroad. During the year we work in for example London and California.



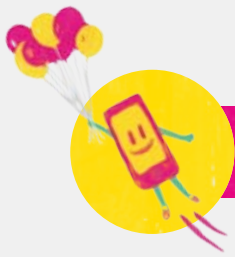
**PEOPLE**

**BUSINESS**

*hiQ*

**TECHNOLOGY**





## 2016

This is HiQ's most successful year so far. We deliver a record in net sales and are close to 1,600 employees who, with a focus on simplicity, continue contributing to a better and more joyful world. During the year we can clearly see that our driving force, our offer, and our range is more relevant than ever. 2016 is also the year when Pokémon Go gets its breakthrough.

## 2015

HiQ turns 20, and through successful results we show that we are still a young, hungry, and result-oriented company. For example, HiQ grows in the public sector, where we sign significant framework agreements during the year, with the central purchasing bodies in both Sweden and Finland – Kammarkollegiet and Hansel.



## 2011

HiQ wins an award for "Best IT Project in Finland" together with the client Kuusakoski. On a global view, the number of internet users in the world has now reached 2 billion.

## 2010

HiQ is named "Sweden's best IT consultancy" for the fourth year in a row, by Veckans Affärer. HiQ also acquires the company Friends Technology Oy in Finland. 2010 also sees the launch of Instagram, and the "Christmas present of the year" is a tablet.



## 2009

HiQ helps the Swedish Tax Agency to develop systems that enable Swedes to receive their tax refunds faster. This is also the year when the term "Big Data" starts to catch on.

## 2008

More than 60 per cent of the world's population has a mobile phone. Spotify is launched and HiQ acquires both Ace Simulation AB and the Finnish HiQ Quality Services Oy.



# HiQ

# STORY

## 1999

HiQ International is listed on the Stockholm Stock Exchange, and Carl Bildt is elected into the board of HiQ. HiQ signs a new framework agreement with Ericsson, as "preferred supplier" of consultancy services. This is also the year when the term "Internet of Things" is launched.



## 1998

The Google search engine is launched and the build of the International Space Station, ISS, starts. HiQ establishes subsidiaries in Gothenburg and Oslo, and the name of the parent company is changed to HiQ International AB.

## 1997

HiQ now has more than 100 employees. This is also the year when the DVD reaches the market and when the Toyota Prius is launched in Japan as the world's first mass-produced hybrid car.





# 2014



HiQ is established in both Norrköping and Örebro. The first Swedes are "chipped" with intra-venous chip implants, and the market sees the first big wave of smart watches.

# 2013



65 per cent of Swedes now surf on their mobiles. In the US, Google sets up the Calico company, with the aim to find ways to stop the aging process. HiQ signs framework agreements with e.g. the Swedish Enforcement Authority and Volvo Cars, and we are also digital partner to the Swedish rock musician Dregen – a perfect example of HiQ's range.

# 2012



Getswish launches the mobile payment service Swish, with an IT solution developed by HiQ together with Bankgirot. The same year, Netflix comes to the Nordics and Facebook buys Instagram for 1 billion US dollars.

# 2007



The iPhone is released on the US market and the "Quantified Self" concept is launched. HiQ acquires MobilEyes AB, in Moscow.

# 2006



Twitter is launched and Christer Fuglesang becomes the first Swede in space. The HiQ trimaran achieves an impressive triumph in December, when the HiQ Sailing Team sails around Gotland in the new record time 17 hours and 39 minutes – with an average speed of 21 knots!

# 2005



There are now more than 500 fantastic HiQ'ers working at the company. This is also the year Youtube is launched and the year when Nokia 1110 becomes the world's best-selling mobile phone. In Sweden, a court hands down the first conviction for file sharing.

# 2004



Facebook is born, and in Sweden the flat screen TV is named "Christmas present of the year". HiQ establishes a new subsidiary, HiQ Karlskrona AB, and during the year, HiQ also acquires the company Computer and Audio-Technical Systems AB.

# 2003



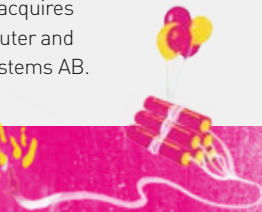
A quarter of all Swedes use the internet on a daily basis. Skype is founded and the first European satellite, Smart, orbits the moon. HiQ West and HiQ Open are merged into one company: HiQ Gothenburg.

# 2002



HiQ establishes a new subsidiary in Lund, HiQ Skåne AB, and acquires Softplan Oy in Finland. The same year, Telia merges with Sonera to form TeliaSonera. HiQ also enters the HiQ Sailing Team project, with one of the world's fastest sailing boats, the famous 60 ft. trimaran.

# 2001



This is the year when the IT and dot com bubble bursts. The HiQ team continues to focus on their work and the company increases net sales with 22 per cent to SEK 492 million. The first robot vacuum cleaners are launched, as is the Apple iPod.

# 2000



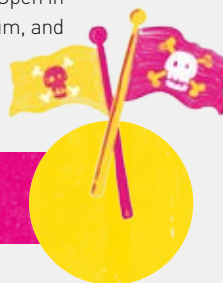
Lars Stugemo assumes his position as new CEO of HiQ. The company grows through the establishment of HiQ East Oy in Finland and through the acquisition of two new subsidiaries, HiQ København in Denmark and HiQ Open in Gothenburg. Computers have now survived the turn of the millennium, and 12 per cent of the people in the world have a mobile phone.

# 1996



The internet gains ground on a broad front and Nokia presents its first smartphone. The CEO of HiQ is Ken Gerhardsen, who is still active in the company today, as member of the board.

# 1995



HiQ is founded in Stockholm with the mission to broaden the operations with a focus on telecom. The foundation to HiQ was laid already in 1992 with the forming of Stayetten Konsult AB, with the subsidiary Approve AB – back then with simulation technology as the basis for the group's business.

# FIVE-YEAR SUMMARY

In 2016 our turnover was SEK 1,659.4 million with an operating margin of 12.5%. The tables below show HiQ's financial development over the 2012–2016 period.

## Income statement

(SEK million)	2016	2015	2014	2013	2012
Net sales	1,659.4	1,508.0	1,378.8	1,305.1	1,380.2
Operating expenses, excl. depreciation	- 1,440.5	- 1,315.2	- 1,221.1	- 1,155.3	- 1,186.2
<b>Operating profit before depreciation</b>	218.9	192.8	157.7	149.8	194.0
Depreciation	- 11.0	- 9.9	- 10.3	- 10.9	- 13.3
<b>Operating profit</b>	207.9	182.9	147.4	138.9	180.7
Financial net	- 0.5	- 0.2	0.5	0.4	0.7
<b>Pre-tax profit</b>	207.4	182.7	147.9	139.3	181.4
Tax charged to the year's profit	- 46.1	- 40.5	- 32.9	- 32.3	- 44.5
<b>Profit after tax</b>	161.4	142.2	115.0	107.1	136.9

## Balance sheet

(SEK million)	2016	2015	2014	2013	2012
<b>Assets</b>					
Intangible assets	364.3	333.3	344.0	330.6	324.8
Tangible fixed assets	45.3	41.1	36.1	36.8	36.9
Financial assets	14.9	14.3	15.1	14.2	13.2
<b>Total fixed assets</b>	424.5	388.7	395.2	381.5	374.9
Accounts receivable, trade	346.5	300.5	281.5	253.1	279.2
Other current assets, excl. cash	147.8	133.1	132.4	117.4	127.8
Cash and cash equivalents	204.3	212.4	180.1	207.3	210.0
<b>Total current assets</b>	698.6	646.0	593.9	577.8	617.0
<b>Total assets</b>	1,123.2	1,034.7	989.1	959.4	991.9

## Shareholders' equity and liabilities

Shareholders' equity	777.6	718.0	698.2	691.0	699.3
Non-interest-bearing provisions	0.4	0.0	0.1	0.3	8.9
Interest-bearing long-term liabilities	25.5	23.9	21.9	23.5	23.5
Non-interest-bearing current liabilities	313.8	287.6	263.0	239.2	255.1
Interest-bearing current liabilities	5.9	5.2	5.8	5.3	5.1
<b>Total shareholders' equity and liabilities</b>	1,123.2	1,034.7	989.1	959.4	991.9

## Sales and profit per quarter 2016

	Q1	Q2	Q3	Q4
Net sales, SEK million	404.1	442.8	352.1	460.5
Operating profit, SEK million	43.0	61.4	46.9	56.5
Operating margin, %	10.7%	13.9%	13.3%	12.3%
Cash and cash equivalents at end of quarter	246.1	149.1	159.4	204.3

## Key ratios

	2016	2015	2014	2013	2012
Net sales, SEK million	1,659.4	1,508.4	1,378.8	1,305.1	1,380.2
Growth in net sales, %	10.0	9.4	5.6	-5.4	6.7
Gross margin, %	13.2	12.8	11.4	11.5	14.1
Operating margin, %	12.5	12.1	10.7	10.6	13.1
Return on shareholders' equity %	21.6	20.1	16.6	15.4	19.8
Return on operating capital, %	36.5	33.9	27.9	27.0	34.6
Net sales per employee, SEK thousand	1,219	1,187	1,115	1,086	1,150
Value add per employee, SEK thousand	943	929	881	858	889
Operating profit per employee, SEK thousand	153	144	119	116	151
Average number of employees	1,361	1,270	1,237	1,202	1,200
Number of employees at year-end	1,573	1,415	1,412	1,326	1,326
Equity ratio, %	69.2	69.4	70.6	72.0	70.5

For definitions see page 77.

## Key ratios per share

(SEK, unless stated otherwise)	2016	2015	2014	2013	2012
Earnings after tax, before dilution	2.97	2.66	2.18	2.03	2.60
Earnings after tax, after dilution	2.96	2.65	2.17	2.03	2.59
Cash flow, before dilution	-0.15	0.61	-0.56	-0.05	0.37
Dividend (2016 proposed)	3.10 <sup>1)</sup>	2.90 <sup>2)</sup>	2.60 <sup>3)</sup>	2.60 <sup>4)</sup>	2.40 <sup>5)</sup>
Equity (before dividend)	14.21	13.32	13.14	13.10	13.26
Yield, %	5.0	5.7	6.3	6.6	6.7
Share price at year-end	61.50	51.00	41.10	39.60	36.00
Average number of shares, thousand	54,264	53,444	52,784	52,752	52,752
Average number of shares after dilution, thousand	54,604	53,701	52,890	52,842	52,752
Number of outstanding shares, thousand	54,713	53,924	53,139	52,752	52,752

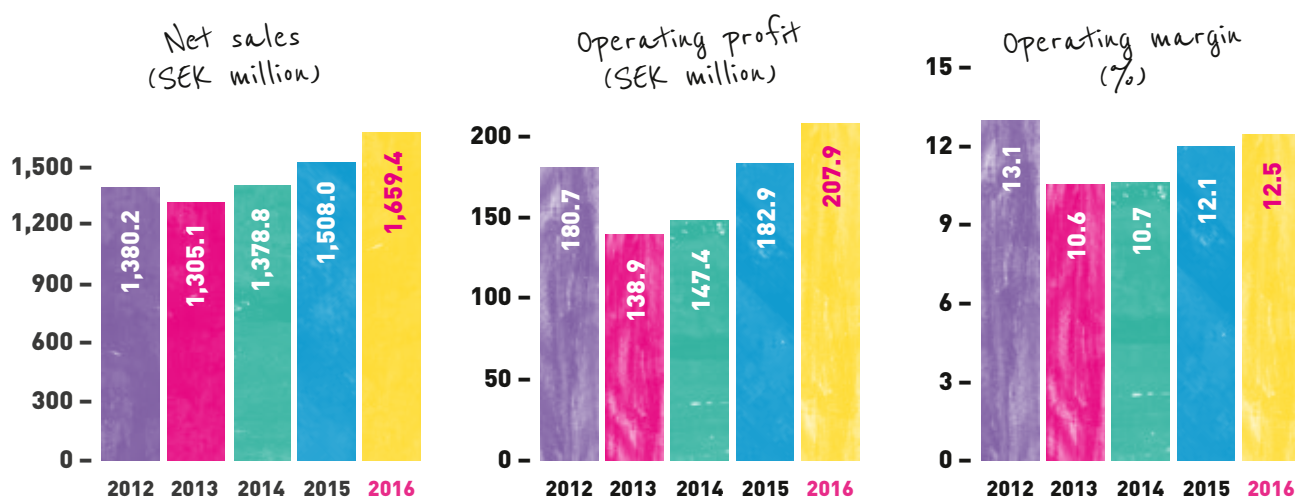
1) The Board has proposed to distribute, via a share split and mandatory redemption, an amount of approximately SEK 170 million (SEK 3.10/share) to the shareholders.

2) 2015 share split and distribution to shareholders of approx. SEK 156 million (SEK 2.90/share)

3) 2014 share split and distribution to shareholders of approx. SEK 138 million (SEK 2.60/share)

4) 2013 share split and distribution to shareholders of approx. SEK 137 million (SEK 2.60/share)

5) 2012 share split and distribution to shareholders of approx. SEK 127 million (SEK 2.40/share)



# THE HiQ SHARE

On 31 December 2016, the share capital in HiQ totaled SEK 5,471,310.50, represented by 54,713,105 outstanding shares. Each share carries one vote and all shares carry equal rights to a share in the assets and profits of the Company. At the Annual General Meeting (AGM) each person entitled to vote may vote for the full number of shares owned and represented without any restriction on voting rights. The AGM in March 2016 authorised the Board of Directors, on one or more occasions on the period up to the next AGM, to issue a maximum of 5,000,000 shares in

the form of a non-cash issue or off-set issue in conjunction with acquisitions. The Annual General Meeting also authorised the Board of Directors, on one or more occasions in the period up to the next AGM, to pass a resolution to acquire as many shares in total so that the company's holding at no time exceeds 10% of the total shares in the company. Acquisitions shall be made via Nasdaq Stockholm and may only be made at a price within the price range registered at any time, i.e. the interval between the highest bid rate and lowest offer rate.

## Changes in the share capital

The list below describes the change in share capital during the last five years and changes until the announcement of this annual report.

Year	Transaction	Change in share capital	Total share capital	Number of outstanding shares
2012	Opening balance	—	5,275,152	52,751,523
2012	Redemption – Split 2:1	—	5,275,152	105,503,046
2012	Redemption of shares	- 2,637,576	2,637,576	52,751,523
2012	Bonus issue of shares	2,637,576	5,275,152	52,751,523
2013	Redemption – Split 2:1	—	5,275,152	105,503,046
2013	Redemption of shares	- 2,637,576	2,637,576	52,751,523
2013	Bonus issue of shares	2,637,576	5,275,152	52,751,523
2014	Redemption – Split 2:1	—	5,275,152	105,503,046
2014	Redemption of shares	- 2,637,576	2,637,576	52,751,523
2014	Bonus issue of shares	2,637,576	5,275,152	52,751,523
2014	Redemption of warrants	38,750	5,313,902	53,139,023
2015	Redemption – Split 2:1	—	5,313,902	106,278,046
2015	Redemption of shares	- 2,656,951	2,656,951	53,139,023
2015	Bonus issue of shares	2,656,951	5,313,902	53,139,023
2015	Redemption of warrants	47,877	5,361,779	53,617,793
2015	Redemption of warrants	30,648	5,392,427	53,924,273
2016	Redemption – Split 2:1	—	5,392,427	107,848,546
2016	Redemption of shares	- 2,696,214	2,696,214	53,924,273
2016	Bonus issue of shares	2,696,214	5,392,427	53,924,273
2016	Redemption of warrants	22,900	5,415,327	54,153,273
2016	Share issue – Great Apes	25,783	5,441,111	54,411,105
2016	Redemption of warrants	30,200	5,471,311	54,713,105
2017	Set-off additional payment Great Apes	5,914	5,477,225	54,772,245

## Employee ownership programs

From 1998 up to and including 2016 HiQ has implemented a number of share programs for its employees for the purpose of attracting, retaining and motivating staff members. The programs are based on standalone warrants. The programs were divided into sub-programs in order to allow warrants to be offered to new employees on an ongoing basis. The Annual General Meeting in March 2016 approved a warrants program aimed at all employees in Denmark, Finland and Sweden, divided into two series. The number of warrants subscribed for in the two series was 842,500. Of these warrants, 707,700 were acquired at market price and 134,800 were allocated as matching warrants, according to the decision made by the Annual General Meeting in March 2016. During 2016 531,000

warrants, issued in 2013, has been exercised into shares and 2,200 warrants lapsed, issued 2013, without exercise. The total number of outstanding warrants, where each warrant entitles the holder to subscribe for 1 share, was 2,054,388 at yearend, corresponding to a maximum dilution effect of 3.6%. In order to encourage uptake of the warrant programme, HiQ offers a subsidy to the warrant holders who are still employed at HiQ at the time of redemption. Starting in 2014, a matching warrant (received without consideration) has been introduced for key employees that are still employed by HiQ at time of exercise. The cost of the subsidy amounted to SEK 0.8 (0.6) million in 2016. For more detailed information regarding the programs, please refer to note 20.

## Warrant data

Name	No of warrants	No underlying shares	Term	Subscription period	Strike price
2014:1	395,000	395,000	3 years	May 2017	39.20
2014:2	178,688	178,688	3 years	Nov 2017	38.20
2015:1	355,000	355,000	3 years	May 2018	42.80
2015:2	283,200	283,200	3 years	Nov 2018	49.20
2016:1	420,000	420,000	3 years	May 2019	50.30
2016:2	422,500	422,500	3 years	Nov 2019	58.20

## Dividend policy

HiQ's dividend level is tailored to the Group's capital requirements, which mainly take the form of investments, working capital commitments and the shareholders' requirement for a good dividend yield. The goal is for the long-term dividend level to be approximately 50% of HiQ's profit after tax.

## Ownership structure

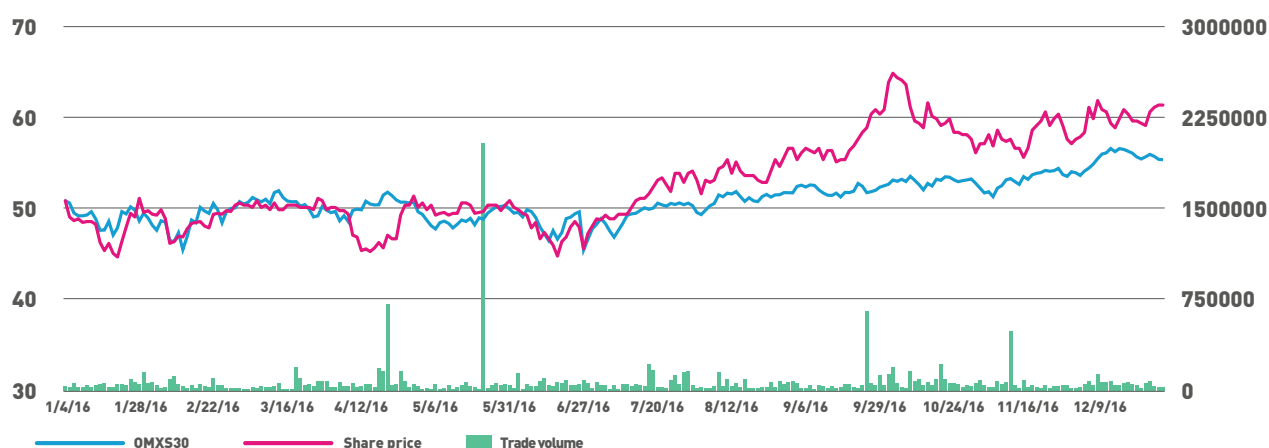
At year-end, HiQ had 14,738 shareholders. Foreign ownership amounted to 30.6% and was distributed over the following countries: Nordic countries (except Sweden) 14.4%, Europe (except Nordic region) 8.6%, the US 5.8% and other countries 1.8%. At year-end, Swedish institutional investors owned 40% of the shares. 13.5% of the shares were held directly by the shareholders, while 86.5% were registered in the name of a nominee.

## Share price development

The graph below illustrates how the HiQ share has performed over the period 1 January 2016 to 31 December 2016. For up-to-date share information, please consult the Nasdaq Nordic website at [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com). HiQ is listed on Nasdaq Stockholm Mid Cap, which is a part of the Nordic Exchange. It was first listed on 12 April 1999 and the initial share price, calculated on the basis of the share split implemented, was SEK 10.60. On 30 December 2016, the market price was SEK 61.50. HiQ's market capitalization thus amounted to around SEK 3,365 million (before dilution). The highest price paid during the year was SEK 67.00 on 4 October 2016. The lowest price paid during the year was SEK 44.10 on 27 June 2016. During the year, a total of 18.7 million shares were traded. On average, approximately 74,000 shares were traded per day.

## Share price (SEK)

## Trade volume (No of shares)



Holdings	No of owners	Percentage of owners	No of shares	Percentage of shares
1 – 1,000	12,176	82.6%	3,340,426	6.1%
1,001 – 5,000	2,003	13.6%	4,901,988	9.0%
5,001 – 10,000	279	1.9%	2,123,048	3.9%
10,001 – 15,000	63	0.4%	814,740	1.5%
15,001 – 20,000	46	0.3%	849,468	1.6%
20,001 –	171	1.2%	42,693,435	78.0%
<b>Total</b>	<b>14,738</b>	<b>100.0%</b>	<b>54,713,105</b>	<b>100.0%</b>

**Top 15 shareholders 31 December 2016 (and known changes)**

Name	No of shares	Share of capital and votes
Nordea fonder	5,143,156	9.4%
Swedbank Robur fonder	5,065,792	9.3%
Lannebo fonder	3,610,000	6.6%
SEB Investment Management	3,156,370	5.8%
Handelsbanken fonder	3,081,481	5.6%
DnB Carlson fonder	1,607,952	2.9%
Fondita Nordic Micro Cap	1,405,596	2.6%
Avanza Pension	1,028,018	1.9%
Hannu Lehesaari	1,000,000	1.8%
Carnegie fonder	830,000	1.5%
Rolf Anderson	765,132	1.4%
AMF – försäkringar och fonder	595,711	1.1%
Fidelity fonder	550,000	1.0%
Norges Bank	515,460	0.9%
Tredje AP-fonden	478,802	0.9%

Holdings include related-party holdings and holdings through companies.

Source: Euroclear/Vpc and known holdings.

## RISK AND RISK MANAGEMENT

HiQ's business is affected by a number of different factors, some of which are within the company's control while others are not. In consultancies such as HiQ, profitability is primarily determined by four factors: available time, price, utilisation rate and cost control. These factors are in turn affected by market conditions through demand for HiQ's services and the opportunity to recruit new staff and thereby to grow.

**Business-related risks****Recruitment and skills supply**

Our personnel, along with our customers, are HiQ's biggest asset. The average HiQ employee has a degree in engineering and around twelve years' experience in the industry. The supply of experienced and skilled staff with good business expertise depends on economic conditions. In boom periods there is often a shortage of the skills that we are looking for, which can affect HiQ's growth. We work actively on developing HiQ as an attractive employer that skilled people want to work for. In an economic downturn it is easier to recruit specific competence. For a staff intensive company such as HiQ, it is always important to try to keep the staff turnover at a decent level.

**Competition and price pressure**

Competition is a natural part of doing business and is necessary for healthy development. A highly competitive market is a challenge that develops HiQ as a company, since we must constantly make efforts to show our clients that we are that bit better than our competitors. Fierce competition can also bring pressure on prices.

To balance the risks of that eventuality occurring, HiQ needs to have specialist expertise that is in demand by clients, irrespective of the state of the economy, and in certain cases to avoid projects where the price level is judged to be too low to ensure satisfactory profitability. HiQ competes with large actors and smaller niche players, depending on the area in which HiQ is operating. Some of our larger listed competitors are Acando, Accenture, Knowit, Semcon, and Tieto.



### Framework agreements

Framework agreements have significant importance for companies like HiQ. In our view, clients are today tending to choose to cooperate with fewer suppliers, and they are choosing them carefully. As well as quality and a high level of technical expertise, a strong financial position is of the utmost importance today if we are to be among those companies chosen by our clients as preferred suppliers. Clients want to cooperate with a supplier who will still be there at the end of the project. HiQ currently has framework agreements with practically all major clients and, in order to reduce the risks of not remaining a preferred supplier, we must deliver quality and results as well as have a good dialogue with the client.

### Developments at our key clients

HiQ's top 10 clients account for 36% of sales. HiQ operates in long-term relationships with its clients and many have been on our client list for over five years. There is always the risk that one key client may be affected by fluctuations in the market and reduce the amount of consultancy services that it buys in, which in the short term may result in poorer capacity utilization for HiQ. As a company, we must maintain a good balance between clients from different sectors and geographical regions. More than five different sectors are represented among HiQ's top 10 clients.

### Bad debts

Just as HiQ is affected by developments at its key clients – which in the event of a rapid decline may affect our utilisation rate – we may be hit by unpaid invoices and thus bad debts. In historical terms, we have only experienced a few bad debts and we have continually improved our routines for invoice payment and follow-up. Where we work with clients with a lower credit rating, for example because they are newly established, payment may be required in advance or subject to a short period of credit.

### Market-related risks

#### Cyclical risks

Market conditions affect all companies within a particular sector in one way or another. There is always an obvious risk that HiQ will be affected by economic fluctuations. Historically speaking, HiQ has maintained comparatively high profitability during both boom periods and recessions, but naturally we have also been affected as a company over time – which has meant adjustments to our operations. By creating a flexible organization with skills that can be transferred between different sectors and geographical areas, we have a capacity for balancing out different geographical regions. Thanks to HiQ having clients within a variety of market sectors and a strong balance sheet, we are well prepared to handle a weaker general economy.

#### Financial risks

For a description of financial risks, please refer to Note 35 on page 70.

# DIRECTOR'S REPORT

Directors' Report for HiQ International AB (Publ) Org. no. 556529-3205, registered office: Stockholm, address: Box 7421, 103 91 Stockholm.

## The business in general

HiQ works with high-tech solutions within communications and software development. The company is a leading player in these fields, with the Nordic region as its domestic market. In 2016 the Group generated sales of SEK 1,659.4 million. At year-end the Group had 1,573 employees, and operations in Sweden, Finland, Denmark, Russia and the US.

## Ownership

HiQ International is listed on the Nasdaq Nordics Mid Cap list in Stockholm. At year-end HiQ had a total of 14,738 shareholders. For a more detailed description of the ownership of HiQ International AB, see The HiQ share on page 24.

## Important events during the year

2016 is the year of digitalisation. The word is on everyone's lips, including those of our clients, our employees and the people surrounding us. Digitalisation continues to sweep across our society. This phenomenon is based essentially on technological development. The result is that every sector is being redesigned, business models are being challenged and our behaviour is rapidly changing.

HiQ's domestic market is the Nordic region and we also win assignments globally. Today, we work with clients in, for example, London and California. With deep know-how about technology, users and business, we help our clients exploit the opportunities afforded by digitalisation.

HiQ wins many assignments that involve assuming overall responsibility for specific areas. Typical examples include software development, testing and quality assurance. Today, we have the breadth to deliver everything from digital strategies to design and concept development. We master the entire chain from R&D to digital and back, and can therefore help our clients all the way from idea to operation. HiQ is often named partner to companies that see digitalisation as a crucial success factor, and we bring both innovation and technical know-how to the development of the company and its business, while always focusing on the user.

We offer a complete range of communication services to meet the requirements and expectations of our clients' marketing

departments and we are now challenging traditional advertising agencies. Another area that is growing fast is eHealth. With our ability to make life easier and better, we are becoming an increasingly important partner for healthcare operators. HiQ also has a strong offering in Augmented- and Virtual Reality (VR), with this technology adding business value for our clients.

We divide our market areas into eight segments and have a broad, well-balanced market mix. This is of great benefit to our clients and to us as a company and our employees. All market segments are characterised by companies' and organisations' need for digital solutions, which contributes to innovations, new offerings and new value chains. (read more about the different areas on the pages 14–17).

When looking back at 2016 we can, among other things, see that the telecom segment now represents 18 per cent of our net sales, a record-low number since the start of HiQ in 1995. However, this does not mean that we work less with telecom technology and mobility; it's actually quite the opposite. Today, we use our know-how and experience from the telecom area in all segments in which we operate. We also see that the public sector area continues to grow and now represents 17 per cent of HiQ's total net sales. A background to this development are the framework agreements that we win during the year.

In 2016 we win new assignments and clients in all segments in which we operate. Regardless of industry there is one common denominator – digitalisation is creating enormous opportunities but also challenges. Value-chains and business models are transforming, and the experienced players are facing new user behaviours that start-ups can adapt to from the start. In this development, we help our clients with both innovative power and technical know-how.

We are doing this in, for example, the automotive industry – a sector in which development is moving at a fast pace and in which a car is now so much more than only a means for transportation. During the year HiQ participates in the development of the concept and technology of the In-Car Delivery service, which attracts global attention and makes it possible to order goods directly to your connected car. In December, In-Car Delivery wins the Volvo Cars Technology Award for product development.

This prestigious honour is awarded for solutions that represent innovation and engineering skill, and creates results and benefits for Volvo Cars.

HiQ's passion is to simplify people's everyday lives and contribute to a better world. The Secure Our Oceans initiative helps decision makers worldwide find the right technology to preserve marine protected areas. To make the project easily accessible and achieve global spread, they collaborate with HiQ to create a new communication platform. HiQ's design and development work, rapidly help generate results for the project in the form of partnerships with public authorities and new pilot projects.

We are also simplifying for people with the services we are working with in many sectors. With our client Diacor, we develop DiacorPlus, a healthcare clinic in the smartphone. The new eHealth service is developed by HiQ and makes it possible to communicate with a doctor via chat or video and see your own patient records. During the year, DiacorPlus receives a mention of honour in the 'Project of the Year 2016' competition in Finland. Another example is that we together with Enköping Municipality, develop the web portal Enköping.se. HiQ has overall responsibility from concept and design to final solution. The aim is to design a site to make life easier for all residents and businesses in the municipality. In November, the team wins the Swedish Publishing Awards special award for usability. "For excellent focus on helping users find what they need – bingo!" was the motivation given.

During 2016, we at HiQ continue to produce winning results, strengthen our position on the market and be relevant to our clients. All our subsidiaries recruit new employees.

HiQ in Finland delivers a strong 2016. The company continues to grow and implements many successful projects. Operations in Finland are supplemented by the acquisition of the digital design and development agency Great Apes Oy.

In Stockholm, HiQ continues to be a leading player with a presence in all market segments. The company develops well during the year and grows in segments such as industry and the health sector.

HiQ in Mälardalen, with offices in Västerås and Örebro, has a stable year. The company has a strong presence in the industry and the defence segment and is also expanding its digital business within the public sector.

In Gothenburg, HiQ remains the leading innovation and technology company, with a strong presence in many sectors. The company performs very well in 2016, wins new global clients and delivers extremely successful client projects.

In the Öresund region, HiQ relocates from Lund to Malmö. The company puts together a new management team, expands its operations and wins new clients, as well as developing its digital business.

HiQ in Östergötland, with operations in Linköping and Norrköping, continues to perform very well. The company has a strong result in 2016 and expands its market mix and digital offering during the year.

In Karlskrona, HiQ has a strong result on a market dominated by telecom and shipping. We also expand our offering and win clients in new market segments.

The summary of 2016 is that it's HiQ's best year to date. We have the best employees in the business, a very strong financial standing, and a client list others can merely dream about. We are hiring and growing, and we continue to create results – this in a market that is, as usual, impacted by the uncertainty in our surrounding world. The demand for digitalisation and IT services is increasing and we at HiQ work persistently to meet the needs of our clients.

### **Results and financial position**

HiQ's net sales in 2016 amounted to SEK 1,659.4 (1,508.0) million, an increase of 10%. Operating profit amounted to SEK 207.9 (182.9) million, giving an operating profit margin of 12.5 (12.1) percent. Consolidated net financial items for the period were SEK -0.5 (-0.2) million. Profit before tax amounted to SEK 207.4 (182.7) million.

Cash flow from operating activities was positive at SEK 131.7 (157.1) million. At 31 December 2016 the Group had liquid assets of SEK 204.3 (212.4) million. During the year cash flow was affected by a share redemption of approximately SEK 156 million implemented in May 2016. Interest-bearing net funds at the end of the period were SEK 172.9 (183.4) million. Shareholders' equity at the end of the period was SEK 777.6 (718.0) million and the equity/assets ratio was 69.2 (69.4) percent.

During 2016, HiQ has made a settlement with the bankruptcy estate of Saab Automobile AB regarding reimbursement demands. The negative effect on HiQ's operating profit in 2016 was SEK 1.9 million.

### **Research and development activities**

The Group has very limited activities within research and development. During the year SEK 0.0 (0.0) million was expensed for research and development.

## Investments

The Group's net investments in fixed assets totalled SEK 14.9 (14.1) million during the period. Investments in improvements to premises amounted to SEK 1.4 (2.5) million, equipment SEK 4.5 (4.1) million, finance leases SEK 9.0 (7.5) million.

## Employees

At year-end HiQ had 1,573 (1,415) employees, 1,436 (1,298) of whom were active staff. Employees are HiQ's most important asset and HiQ works continuously to safeguard and improve the employees' work situation. Sickness absence at HiQ in 2016 was 3.6% (3.4%). HiQ is a member of a corporate healthcare scheme and certain subsidiaries engage the services of a naprapath. Staff receive subsidized healthcare. HiQ also has ethics and equality policies in place, which mean that all employees shall be given the same opportunities irrespective of age, sex, ethnical belonging and religious conviction. HiQ also works actively to create a corporate culture that develops our employees' expertise and experience.

## Parent company

The Parent Company's operations consist in shared Group functions for accounting and finance, investor relations and marketing. Net sales in the Parent Company were SEK 44.7 (33.6) million. Operating profit was SEK -14.9 (-12.6) million. Net financial items were SEK 167.6 (151.8) million, which includes result from participations in Group companies of SEK 167.9 (151.3) million. After tax of SEK 23.5 (18.5) million, net profit was SEK 129.1 (120.6) million. At 31 December the Company's interest-bearing net funds were SEK 55.5 (69.0) million, adjusted shareholders' equity SEK 510.7 (499.9) million and the equity/assets ratio 87.9 (88.8) percent. The Company's net investments in the period totalled SEK 0.0 (0.0) million.

## Environmental information

We do not consider that HiQ's activities have any significant impact on the environment. Nevertheless, HiQ's environmental work and policy are reviewed on an ongoing basis. The environmental policy states that HiQ shall engage actively in environmental activities with a view to continuously improving the environment in a way which is defensible from an economic and business perspective. We believe this makes the Company more attractive to employees, clients, suppliers and shareholders. Environmental work is an integrated part of the business and each managing director has local responsibility for ensuring that HiQ's environmental policy is followed and any action programmes implemented.

## New share issues etc.

During 2016 229,000 shares have been issued at the price of SEK 38.60 due to redemption of warrants and 302,000 shares have been issued at the price of SEK 41.50, this also due to redemption of warrants. In total the Company has received SEK

21.2 million, net after issue costs. As a result of the acquisition of Great Apes the number of shares increased by 257,832 shares, increasing the shareholders' equity with SEK 14.4 million. In addition, the shareholders' equity increased with SEK 2.5 million due to payment of premiums for 842,500 warrants. During 2015, 785,250 shares have been issued as a result of conversion of warrants. Net after issue costs, the Company has received SEK 12.3 million. In addition, the shareholders' equity increased with SEK 1.6 million due to payment of premiums for 638,200 warrants. For a more detailed description of outstanding warrant programmes, see Note 20.

## The HiQ share

At 31 December 2016 HiQ's share capital totalled SEK 5,471,310.50 spread over 54,713,105 outstanding shares. Each share carries one vote and all shares carry equal rights to a share in the assets and profits of the Company. As far as the Company is aware, there are no direct or indirect shareholdings representing at least one tenth of the voting rights for all the shares in the Company. Neither is the Company aware of any agreements between shareholders that may entail restrictions in the right to transfer shares. At the Annual General Meeting each person entitled to vote may vote for the full number of shares owned and represented without any restriction on voting rights. The Annual General Meeting in March 2016 authorised the Board of Directors, on one or more occasions in the period up to the next AGM, to issue a maximum of 5,000,000 shares in the form of a non-cash issue or off-set issue in connection with acquisitions. At the AGM in March 2016 it was decided to conduct a split, redemption of shares and bonus issue. The number of outstanding shares and the company's share capital remained the same after the completion of this procedure.

## Future prospects

HiQ contributes to the development of modern society, in which digitalisation and a connected lifestyle are creating new products, services and business models.

Our expertise and sustained strong financial position allow us to identify opportunities to advance our positions even further in all market segments and areas in which we operate.

HiQ's overall strategy is to be an innovative and leading specialised service company with the core of its operations in the Nordic region.

HiQ's growth strategy is to grow organically and to complement with strategic acquisitions. HiQ's acquisition strategy aims to strengthen the company's geographical reach by increasing its Nordic presence and we seek to acquire companies that add new areas of expertise to HiQ.

We are convinced that there will be long-term growth in all segments in which HiQ is active. We also believe the future will see a steady rise in the number of industries for which digitalisation and new technology are critical factors for success.

Our strategy is to:

- Help our clients to simplify and contribute to a better world, by using our know-how within the entire chain of technology, people, and business.
- Be the leading company in the Nordic region within our industry.
- Have the best employees in the market and be the most attractive employer.
- Be profitable, generate good growth and strong cash flow, and to create good long-term yield for our shareholders

HiQ prioritises quality, profitability and growth – in that order. HiQ does not provide any forecasts.

### **Risks and risk management**

HiQ's business is affected by a number of different factors, some of which are within the Company's control while others are not. For a consultancy company such as HiQ, activities are affected by business-related risks such as recruitment, competition and price pressure, development of key customers, bad debts, project risks and the ability to enter into framework agreements. Market related risks include cyclical risks. Financial risks include exchange rate risks and interest risks. For a more detailed description of HiQ's risk management, see Risk and risk management on pages 26–27.

For a description of the Group's risk management concerning financial instruments, see Note 35, on page 70.

### **Corporate governance report**

#### **General**

HiQ International AB is a Swedish public limited company with its registered office in Stockholm, Sweden. HiQ's corporate governance is based on the Swedish Companies Act, the company's articles of association, the obligations that accompany listing on the Nasdaq Stockholm, the Swedish Code of Corporate Governance and other applicable laws and regulations. Corporate governance comprises a regulatory and decision making system for managing a company's business in an effective, controlled manner. The aim is to meet the owners' requirements in terms of the return on capital invested. In Sweden, corporate governance has traditionally been regulated by legislation. In addition, the self-regulatory bodies of trade and industry have continually presented various stipulations relating to corporate governance. For detailed information on the Swedish Code of Corporate Governance visit [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

HiQ aims for a high standard through a clear and simple management system and guiding documents. Management, leadership and control of HiQ is divided between the shareholders at the Annual General Meeting, the Board of Directors, the CEO, and the auditors in accordance with the Swedish Companies Act and the company's articles of association. Increased transparency provides good insight into the company's operations, which contributes to effective control.

#### **HiQ's application of the Code of Corporate Governance**

HiQ has applied the Swedish Code of Corporate Governance since 1 July 2008. HiQ follows the Code with the following exceptions: No Remuneration Committee has been appointed. Instead these matters are dealt with by the Board as a whole, excluding the company's CEO. This is because the Board judges that due to the nature of the business and the combined expertise of the Board members, this best promotes the business of the company and the interests of its shareholders.

#### **Shareholders**

HiQ's share is listed since April 1999 on the Nasdaq Stockholm. At year end, the share capital amounts to SEK 5.5 million, spread over 54,713,105 shares with a quota value of SEK 0,10. There is one share class. The number of shareholders at year-end amounted to 14,738 (11,545). The foreign ownership share was 31 (32)%. Swedish institutions owned 40% of the shares. 13.5 % of shares were held directly by the shareholders while 86.5% were registered in the name of a nominee. For further information regarding HiQ's share and ownership structure, please refer to the Section "The HiQ Share", on page 24.

#### **Annual General Meeting**

Under the Companies Act, the General Meeting is a company's highest decision-making body. The company's Annual General Meeting adopts the income statement and balance sheet, elects the Board of Directors and – where appropriate – auditors, establishes fees and deals with other matters laid down in legislation or in the Code of Corporate Governance. At the Annual General Meeting, the shareholders have the opportunity to ask questions to the management, Board of Directors and the auditors.

#### **Annual General Meeting 2016**

The 2016 Annual General Meeting (AGM) was held in Stockholm on 22 March 2016. Around 41 percent of the votes were represented at the AGM. Anders Ljungh was elected as Chairman of the AGM. Among other things, the AGM resolved to re-elect Gunnel Duveblad, Ken Gerhardsen, Johanna Fagrell Köhler, Erik Hallberg, Ulrika Hagdahl, Raimo Lind and Lars Stugemo as members of the Board. Anders Ljungh had declined re-election. Gunnel Duveblad was elected as Chairman of the Board.

The Board of Directors was authorised to:

- decide on one or more occasions in the period up to the next AGM on the issue of a maximum of 5,000,000 shares as a non-cash issue or offset issue in conjunction with corporate acquisitions.
- decide on one or more occasions in the period up to the next AGM on the acquisition of a total number of shares such that the number of the company's own shares held at any one time does not exceed 10% of the total number of shares in the company.
- decide on transfer of the company's own shares in settlement for the acquisition of companies or operations at a price corresponding to the share price at the time of transfer.

Furthermore, the AGM resolved to:

- implement a share split and a mandatory redemption procedure in which SEK 156 million, corresponding to SEK 2.90 per share, was distributed to the company's shareholders.
- The AGM also decided to issue a maximum of 1,000,000 warrants to be transferred to employees in Sweden, Denmark and Finland.
- adopted principles for remuneration and other terms of employment of the executive management as proposed by the Board.
- resolved to establish a Nomination Committee and adopted principles for its structure – see also under "Nomination Committee".

Minutes and other documentation relating to the Annual General Meeting are available on HiQ's web site [www.hiq.se](http://www.hiq.se)

### Annual General Meeting 2017

The 2017 Annual General Meeting will be held at 10 a.m. on Wednesday 22 March, 2017 in the company's premises at Regeringsgatan 20, 9th floor, in Stockholm.

### Nomination committee

HiQ's 2016 AGM resolved that the following principles shall apply, until a new AGM decision is made, for the appointment of a Nomination Committee and the assignments of the Nomination Committee.

The Chairman of the Board of Directors shall based on the ownership as of 31 July convene the three major shareholders in the company, which each are to elect one representative to the Nomination Committee. If any of the three major shareholders renounce from their right to elect a representative, the next largest shareholder are to be provided with the opportunity to elect a representative. In addition, the Nomination Committee can decide that the Chairman of the Board of Directors shall be a representative of the Nomination Committee. Neither the CEO

nor any other member of the management shall be a member of the Nomination Committee.

The Chairman of the Board of Directors shall convene the initial meeting of the Nomination Committee. A representative of the shareholders shall be elected as Chairman of the Nomination Committee. Term of office for the Nomination Committee is until a new Nomination Committee has been appointed.

The names of the representatives of the Nomination Committee shall be announced no later than six months prior to the Annual General Meeting. All shareholders shall in connection thereto also be informed whom to contact.

In the event of major changes in the shareholding after this date, the Nomination Committee can, if it finds it necessary, decide that a new shareholder shall be offered a seat in the Nomination Committee according to the above stated principles. Such changes shall be made public immediately.

The Nomination Committee shall prepare and at the Annual General Meeting leave proposals regarding; election of Chairman for the Annual General Meeting, election of Chairman of the Board of Directors along with other members of the Board of Directors, fees to the members of the Board of Directors divided between the Chairman and other members as well as compensation for work in committees and election of and fee to the auditors and (any deputy auditors where appropriate).

No fee shall be paid to the Nomination Committee. The Nomination Committee shall, upon approval by the Chairman of the Board of Directors, be entitled to burden the company with costs for recruitment consultants or other costs necessary for the Nomination Committee to fulfil its duties.

The Nomination Committee ahead of the AGM comprises Maria Rengefors (Nordea fonder), Joachim Spetz (Robur Fonder), Johan Strandberg (SEB Investment Management) and Gunnel Duveblad, the Chairman of the Board. Maria Rengefors was appointed as chairman of the Nomination Committee. All shareholders have been given opportunity to contact the Nomination Committee with proposals, e.g. for Board members, for further evaluation within the context of the Nomination Committee's work. The Nomination Committee has held 5 meetings and has also been in contact at other times. As a basis for its appraisal of the composition of the Board the Nomination Committee had access to the appraisal carried out by the Board and was also given opportunity to meet the members of the Board individually. Based on this appraisal and the opportunity to take into account suggestions for new Board members, the Nomination Committee draws up a proposal for a new Board which is submitted in conjunction with the notice to the forthcoming AGM. At the AGM the Nomination Committee



gives a report on its work. When auditors are to be elected the Audit Committee (which comprises the entire Board excluding the CEO) assists the Nomination Committee with producing a proposal. The current auditor, PricewaterhouseCoopers, was elected at the 2015 AGM.

## Board of directors

### The Board's responsibilities and duties

The Board shall have written instructions stating the division of work between the Board, any other bodies that the Board may establish and the CEO. The work plan, which is established annually at the statutory Board meeting immediately following the AGM, establishes the basis of the Board's work, the division of work between the Board and the CEO as well as the frameworks for financial reporting.

### Composition of the Board

According to the company bylaws, the Board shall have at minimum 3 members and maximum 8 members with a maximum of 5 deputies. Coming from different backgrounds and with a broad pool of experience, the directors have the knowledge required to perform their Board duties, including issues relating to strategy, executive management and structural development. Individual directors also provide valuable assistance to management in facilitating contacts with key clients and on issues relating to politics, economics, accounting and finance, law, organisation and marketing.

Age, mainly education, work experience, mainly assignments, election year and holdings of HiQ shares of the Board members is presented on pages 78–79.

### Division of work

The board as a whole has chosen to act as audit committee with the exception of the CEO, and also handle remuneration issues.

### Chairman of the Board

The Chairman of the Board is responsible for leading the work of the Board and for the Board meeting its commitments in accordance with the Swedish Companies Act and the work plan established by the Board for its work. Continual contact with the CEO shall ensure that the Chairman of the Board monitors the

company's development and ensures that the Board receives the information required in order to be able to meet its commitments. The Chairman of the Board shall also represent the company in matters concerned with ownership. Gunnel Duveblad has been Chairman of the Board since March 2016. Anders Ljungh was chairman until March 2016.

### Board fees

The 2016 AGM established the fees to be paid to the Board at SEK 1,865,000. Of this amount, SEK 600,000 is payable to the Chairman of the Board and SEK 235,000 each to the other non-employed Board members. In addition, SEK 90,000 has been paid to the Chairman of the Audit Committee. The Board members have the right to invoice the remuneration from a company. In that case the amount should be adjusted so it is cost neutral for HiQ.

### The work of the Board in 2016

In 2016 the Board held 9 meetings (7 meetings were held in 2015), including a statutory meeting following the AGM on 22 March 2016. The minutes of these meetings represent documentation of decisions taken and the minutes are taken by the company's Chief Financial Officer, acting as secretary of the Board. The regular Board meetings are prepared jointly by the Chairman of the Board and the CEO of the company.

At every regular Board meeting an update is given on the business situation and financial monitoring. In addition, every meeting deals with a number of matters that are summarised below. Ahead of each Board meeting the Board receives written material as a basis for discussions and decisions that will be dealt with. Members of the executive management take part in the Board meetings in order to report on matters within their specific areas. Other matters dealt with during the year include the economic trend, competence needs, organisation and acquisitions. In addition a full-day strategy seminar was held on issues relating to HiQ's long-term development, and in-depth discussions regarding certain market areas. The CEO provides a monthly report to the Board. This report deals with markets, operations and financial development. These reports are compiled by the CEO and the Chief Financial Officer. The Company's auditor were present at the meeting at which the year-end financial statements were discussed.

Board member	Independent in relation to		
	Company	Larger shareholders	Presence
Gunnel Duveblad, Chairman of the Board (since March 2016)	Yes	Yes	9/9
Erik Hallberg	Yes	Yes	9/9
Johanna Fagrell Köhler	Yes	Yes	8/9
Ken Gerhardsen	Yes	Yes	8/9
Lars Stugemo	No	Yes	9/9
Raimo Lind	Yes	Yes	9/9
Ulrika Hagdahl	Yes	Yes	9/9
Anders Ljungh (Chairman of the Board until March 2016)	Yes	Yes	2/2

This gave the Board of Directors and the auditor the opportunity to discuss the business accounting and audit work. Compensation matters have been taken in connection with ordinary board meetings. Handled matters include conditions and incitements for managements and compensation package for CEO.

#### **Audit committee**

The audit committee of 2016 was constituted by all the Board members except the CEO. Chairman of the audit committee is Raimo Lind (Gunnel Duveblad until March 2016). The committee has held 5 meetings in 2016. They have also held meetings with the auditors. Matters that have been taken under 2016 includes review of Group policies, internal financial reporting, review of results by AGM elected auditors audit of the operations, impairment tests and matters concerning internal control.

#### **Assessment of the Board's work**

In accordance with what is laid down in the Board's work plan, the Board continually assesses its work through open discussions in the Board and through an annual Board appraisal taking the form of a survey. The results of the annual Board appraisal are submitted to the Nomination Committee. The nomination committee has also had a meeting with Board members in order to ask questions regarding the Board work.

#### **Auditors**

The company's auditor, PricewaterhouseCoopers, was re-elected on the AGM in March 2015. The auditor was elected for the period until the end of the AGM 2019. Nicklas Kullberg is the responsible auditor. During the year the auditor has, in addition to auditing the financial statements for the company, also reviewed the interim report for the period January – June 2016. As described in the section "The work of the Board in 2016", the auditor has also participated at the Board meeting treating the full year results. For information regarding remuneration to auditors, please refer to note 6, on page 54.

#### **Internal control over financial reporting**

Internal control over financial reporting is based on the control environment established by the Board and executive management. Control environment refers to – among other things – the values and the culture that exist within HiQ, but also the organisational structure, responsibilities and powers defined and communicated to everyone concerned within the company. It also includes components such as the competence and experience of the company's employees and a number of governing documents such as policies and manuals.

#### **Control environment**

The Board of HiQ has an established work plan which is laid down annually at the statutory Board meeting and forms the basis of the work of the Board and for effective management of the risks to which the business is exposed. The Board annually updates

and establishes the Board's work plan, the CEO's instructions, an approval matrix and an investment policy, among other things. Work plans exist for the Boards of subsidiaries and instructions exist for the Managing Directors of each company in the HiQ Group. In addition, HiQ has for example a media policy, an IR policy, an emergency plan and a business ethics policy. The policies and other steering documents that HiQ has are judged to form a basis for good internal control. Internal steering documents to secure high quality in financial reporting include a financial Handbook, IR-policy and the approval matrix.

The tasks of the Board include continual monitoring of compliance with the general policies and other steering documents that exist, as well as continual assessment of the company's financial situation and results. HiQ has a decentralized organizational model in which each subsidiary has great independence. The Group has an approval matrix that clearly regulates the powers that exist at each level in the organisation. The approval matrix regulates matters such as the submission of purchases, fixed price quotations, investments, salaries and discounts.

#### **Risk inventory/risk register**

The aim of HiQ's risk inventory is to ensure that HiQ's business is conducted in a manner that is in line with the risk level the Board and the management decided. The company's Board and senior management are responsible for the existence of and compliance with guidelines on risk management. HiQ has carried out an analysis of the risks that may affect the accuracy of the financial information that the company provides externally. In so doing a number of income statement and balance sheet items were identified where the risk of material errors is greater than in the case of other items. One example of this is the settlement of fixed price projects, where particular importance is placed on ensuring good internal control of revenue settlement. Another example is the treatment of sub-consultants. During the year all subsidiaries have conducted a self-evaluation regarding the internal control. During the autumn the Group controller has visited all offices and completed a review regarding administrative routines and internal control. The outcome of this work is compiled and analysed. Based on the analysis an action plan is set to improve the internal control.

#### **Information and communication**

Information on HiQ's steering documents such as policies, guidelines and routines is provided to the persons concerned. Significant policies and guidelines are updated as needed, but at least annually, and communicated to the staff concerned. Financial reporting issues are also discussed at meetings at which the Group's financial officers meet. For external communication HiQ follows its established media plan and IR policy.

### Monitoring

Within HiQ a complete income statement and balance sheet are produced monthly, along with certain key ratios, at both Group and segment level. Moreover, various relevant key ratios and liquidity are monitored weekly. Each month the entire Group is consolidated, with results being tracked against budget. In addition to the financial reporting, a follow-up of the internal control work and risk inventory is made. Each month the Board receives an update of the financial outcome of the Group.

### Disclosure of information to the stock market

In accordance with the commitments incumbent upon HiQ as a listed company, HiQ provides the stock market with information on the Group's financial position and development. The information is provided in the form of interim reports and an annual report, which are published in Swedish and English. In addition to purely financial information, HiQ also issues press releases concerning news and events and also gives presentations for shareholders, financial analysts and investors both in Sweden and abroad. The information published is also made available on the company's website, [www.hiq.se](http://www.hiq.se).

### Statement

In view of the above processes and structure, the Board does not consider it appropriate to establish a separate internal audit function.

### Guidelines for determining salaries and other remuneration for the CEO and other members of the executive management

The Annual General Meeting on 22 March 2016 passed a resolution concerning the following principles for remuneration and terms of employment of the CEO and other members of the executive management.

Remuneration of the CEO and other members of the executive management shall comprise fixed salary, any variable remuneration, pension and any other customary benefits. The total remuneration shall be in line with market rates and the remuneration terms shall reward outstanding performance and standardize shareholder and individual incentives.

### Fixed salary

Remuneration in the form of fixed salary shall be in proportion to the executive's experience, responsibilities and authority.

### Variable remunerations

The variable remuneration shall be in proportion to the executive's responsibilities and authority. It shall also be subject to an upper limit and based on fulfillment of targets aligned with the shareholders' long-term interests. Where appropriate, the variable element shall be based on quantitative and qualitative targets.

The Company's costs for the variable element of remuneration for the CEO and other members of the executive management are maximum 100% of the fixed salary cost for this group depending on target fulfillment. The CEO and other members of the executive management shall be eligible to participate in the warrant program, in the same way as other staff and on the same terms, in accordance with the proposal submitted to the Annual General Meeting by the Board, and have premiums subsidized on the same terms as other employees within HiQ if applicable.

### Pension

HiQ offers its employees a premium-based pension scheme with entitlement to pension from the age of 65. Variable remuneration is not pensionable. Pension benefits amount to a maximum of 35% of fixed salary, not exceeding approx. SEK 0.4 million per employee per year.

### Other benefits

Other benefits comprise conventional benefits in accordance with local practice.

### Termination and severance pay

In the case of the CEO, there is a reciprocal period of notice of six months. If employment is terminated by the Company, severance pay equivalent to 10 months' salary is payable. If employment is terminated by the CEO, salary and other benefits are paid for four months after cessation of employment, during which period the CEO is prohibited from entering into competing activities. In the case of other members of the executive management, there is normally a reciprocal period of notice of three to six months. Issues concerning remuneration of the executive management are handled by the CEO. Decisions on remuneration of the CEO are taken by the Board of Directors. These guidelines may be waived by the Board where there are particular reasons for this in an individual case.

### The Board's proposed guidelines applicable until the next Annual General Meeting

The Board of Directors proposes to the Annual General Meeting 2017 unchanged principles for the remuneration and other terms of employment of the CEO and other members of the executive management for approval by the General Meeting.

**Proposed appropriation of the company's profit  
(SEK thousand)**

The following funds are at the disposal of the  
Annual General Meeting:

Share premium reserve	185,372
Profit brought forward	149,329
Profit for the year	129,113
<b>Total</b>	<b>463,814</b>

The Board and the CEO propose that profits be appropriated such that SEK 463,814 thousand is carried forward. It is also proposed a share split 2:1 combined with a compulsory redemption procedure shall be carried out. The procedure will imply that each share will split into one ordinary share and one redemption share.

The redemption share is suggested to be redeemed for SEK 3.10 per share, representing a transfer of approximately SEK 170 million to the Company's shareholders, based on the number of outstanding shares.

**Statement on reasons for the Board's value transfer proposal  
through mandatory redemption**

The proposed value transfer to the shareholders will reduce the Parent Company's equity/assets ratio from 87.9% to 83.0% and the consolidated equity/assets ratio from 69.2% to 63.8%. In view of the continued profitability of the company and the Group, the equity/assets ratio is deemed to be adequate.

**The Board likewise believes that it will be possible to maintain  
an adequate level of liquidity in the company and the Group.**

In the view of the Board of Directors the proposed value transfer will not prevent the company or any of the companies within the Group from meeting their short or long term obligations or from making the necessary investments. The proposed value transfer is therefore defensible with respect to the provisions of paragraphs 2–3 of Section 3 of Chapter 17 of the Swedish Companies Act (the precautionary principle).

The financial reports were approved for publication by the Board of Directors of the Parent Company on 28 February 2017.

For more information about the company's results and financial position, see the following income statements and balance sheets and the notes to the accounts.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income (SEK thousand)	Note	2016	2015
Net sales	3, 4, 8	1,659,426	1,507,959
Assignment-specific external costs	8	- 226,571	- 193,968
Staff expenses	5, 29, 33	- 1,117,077	- 1,037,479
Other external expenses	6, 27	- 96,878	- 83,716
Depreciation	11, 12, 27	- 10,993	- 9,870
<b>Operating profit</b>		<b>207,907</b>	<b>182,926</b>
Finance income	7	531	311
Finance costs	7	- 991	- 498
<b>Pre-tax profit</b>		<b>207,447</b>	<b>182,739</b>
Income tax	9	- 46,083	- 40,490
<b>Profit for the period</b>		<b>161,364</b>	<b>142,249</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Exchange differences on translating foreign operations	21	16,452	- 14,460
<b>Other comprehensive income for the period</b>		<b>16,452</b>	<b>- 14,460</b>
<b>Comprehensive income for the period attributable to the equity holders of the Company</b>		<b>177,816</b>	<b>127,789</b>
<b>Profit per share attributable to the equity holders of the Company</b>			
Basic	22	2.97	2.66
Diluted	22	2.96	2.65

# CONSOLIDATED BALANCE SHEET

Consolidated balance sheet (sek thousand)	Note	2016-12-31	2015-12-31
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	11	45,319	41,147
Intangible assets	12	364,344	333,317
Investments in associates	13	12,157	11,611
Deferred tax	10	2,439	2,387
Financial assets	15	285	285
<b>Total fixed assets</b>		<b>424,544</b>	<b>388,747</b>
<b>Current assets</b>			
Accounts receivables, trade	17	346,518	300,454
Current income tax assets		9,914	14,619
Other receivables	16	6,055	6,781
Accrued income and prepaid expenses	18	131,869	111,724
Cash and cash equivalents	19	204,262	212,414
<b>Total current assets</b>		<b>698,618</b>	<b>645,992</b>
<b>Total assets</b>		<b>1,123,162</b>	<b>1,034,739</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Capital and reserves attributable to the Parent Company's equity holders</b>			
Share capital	20	5,471	5,392
Other contributed capital		404,284	366,251
Other reserves	21	4,782	-11,670
Retained earnings		363,029	358,045
<b>Total equity</b>		<b>777,566</b>	<b>718,018</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Long-term interest-bearing debt	24, 27	25,508	23,853
Deferred tax	10	393	0
<b>Total long-term liabilities</b>		<b>25,901</b>	<b>23,853</b>
<b>Short-term liabilities</b>			
Short-term interest-bearing debt	24, 27	5,887	5,198
Accounts payable, trade		65,136	58,446
Other liabilities	25	95,240	86,713
Accrued expenses and prepaid income	26	153,432	142,511
<b>Total short-term liabilities</b>		<b>319,695</b>	<b>292,868</b>
<b>Total liabilities</b>		<b>345,596</b>	<b>316,721</b>
<b>Total equity and liabilities</b>		<b>1,123,162</b>	<b>1,034,739</b>



# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Attributable to the equity holders of the parent company						
(SEK thousand)	Note	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
Balance at 1 January 2015		5,314	336,108	2,790	353,957	698,169
<b>Comprehensive income</b>						
Profit for the period					142,249	142,249
Other comprehensive income						
Currency translation adjustments	21			-14,460		-14,460
<b>Comprehensive income</b>				<b>-14,460</b>	<b>142,249</b>	<b>127,789</b>
<b>Transactions with shareholders</b>						
Warrant premiums	20		1,595			1,595
Share issue conversion of warrants		79	28,547			28,626
Redemption of shares	23				-138,161	-138,161
<b>Total transactions with shareholders</b>		<b>79</b>	<b>30,142</b>		<b>-138,161</b>	<b>-107,940</b>
<b>Balance at 31 December 2015</b>		<b>5,392</b>	<b>366,251</b>	<b>-11,670</b>	<b>358,045</b>	<b>718,018</b>
Balance at 1 January 2016		5,392	366,251	-11,670	358,045	718,018
<b>Comprehensive income</b>						
Profit for the period					161,364	161,364
Other comprehensive income						
Currency translation adjustments	21			16,452		16,452
<b>Comprehensive income</b>				<b>16,452</b>	<b>161,364</b>	<b>177,816</b>
<b>Transactions with shareholders</b>						
Warrant premiums	20		2,504			2,504
Share issue conversion of warrants		53	21,181			21,234
Share issue acquisition of Great Apes	31	26	14,348			14,374
Redemption of shares	23				-156,380	-156,380
<b>Total transactions with shareholders</b>		<b>79</b>	<b>38,033</b>		<b>-156,380</b>	<b>-118,268</b>
<b>Balance at 31 December 2016</b>		<b>5,471</b>	<b>404,284</b>	<b>4,782</b>	<b>363,029</b>	<b>777,566</b>

# CONSOLIDATED CASH FLOW

(SEK thousand)	Note	2016	2015
<b>Cash flow from operating activities</b>			
Pre-tax profit		207,447	182,739
Adjustment for items not included in the cash flow	32	5,286	9,479
Paid tax		-41,517	-34,742
<b>Cash flow from operating activities before changes in working capital</b>		<b>171,216</b>	<b>157,475</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in operating assets		-61,789	-27,734
Increase (+)/decrease (-) in operating liabilities		22,277	27,325
<b>Cash flows from current operations</b>		<b>131,704</b>	<b>157,066</b>
<b>Cash flow from investing activities</b>			
Investments in Group companies		694	-
Investments in tangible assets		-5,633	-6,839
<b>Cash flow from investing activities</b>		<b>-4,939</b>	<b>-6,839</b>
<b>Cash flow from financing activities</b>			
Warrant premiums		2,504	1,595
Share issue		21,234	28,626
Repayment of debt		-6,876	-5,995
Redemption of shares	23	-156,380	-138,161
<b>Cash flow from financing activities</b>		<b>-139,518</b>	<b>-113,935</b>
<b>Cash flow for the period</b>		<b>-12,753</b>	<b>36,292</b>
Cash and cash equivalents at beginning of year		212,414	180,050
Effects of exchange rate changes		4,600	-3,928
<b>Cash and cash equivalents at end of year</b>	19	<b>204,262</b>	<b>212,414</b>

# INCOME STATEMENT, PARENT COMPANY AND STATEMENT OF COMPREHENSIVE INCOME

Income statement, parent company (SEK thousand)	Note	2016	2015
Net sales	4, 33	44,661	33,649
Assignment-specific external costs	33	-8,927	-1,144
Other external expenses	6	-25,113	-21,732
Staff expenses	5, 29, 33	-25,185	-22,824
Depreciation and write-downs	11	-365	-583
<b>Operating profit</b>		<b>-14,929</b>	<b>-12,634</b>
Profit from shares in Group companies	7	167,900	151,304
Finance income	7	437	1,111
Finance costs	7	-768	-636
<b>Profit after financial items</b>		<b>152,640</b>	<b>139,145</b>
Income tax	9	-23,527	-18,502
<b>Profit for the period</b>		<b>129,113</b>	<b>120,643</b>
Statement of comprehensive income, parent company (SEK thousand)			
<b>Profit for the year</b>		<b>129,113</b>	<b>120,643</b>
<b>Comprehensive income for the period</b>		<b>129,113</b>	<b>120,643</b>

# BALANCE SHEET

## PARENT COMPANY

Balance sheet, parent company (SEK thousand)	Note	2016-12-31	2015-12-31
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets			
Equipment	11	253	287
Improvement expenses for other's properties	11	0	287
Deferred tax asset	10	406	359
Financial fixed assets			
Shares in Group companies	30	426,774	406,122
<b>Total fixed assets</b>		<b>427,433</b>	<b>407,055</b>
<b>Current assets</b>			
Short-term receivables			
Accounts receivable, trade		2,933	613
Current income tax assets		0	502
Receivables – Group companies	14	19,318	13,054
Other receivables	16	1,654	1,703
Accrued income and prepaid expenses	18	3,654	3,485
<b>Total current assets</b>		<b>27,559</b>	<b>19,357</b>
Cash and bank balances		125,739	136,565
<b>Total assets</b>		<b>580,731</b>	<b>562,977</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital (54,713,105 shares with a quota value of SEK 0.10)		5,471	5,392
Statutory reserve		41,419	41,419
<b>Total restricted equity</b>		<b>46,891</b>	<b>46,811</b>
Non-restricted equity			
Share premium reserve		185,372	147,337
Retained earnings		149,329	185,068
Profit for the period	23	129,113	120,643
<b>Total non-restricted equity</b>		<b>463,814</b>	<b>453,049</b>
<b>Total equity</b>		<b>510,705</b>	<b>499,859</b>
<b>Current liabilities</b>			
Accounts payable, trade		1,163	1,432
Liabilities – Group companies		45,834	50,380
Current income tax liabilities		5,057	0
Other liabilities	25	6,775	1,118
Accrued expenses and prepaid income	26	11,197	10,188
<b>Total current liabilities</b>		<b>70,026</b>	<b>63,118</b>
<b>Total equity and liabilities</b>		<b>580,731</b>	<b>562,977</b>

# SHAREHOLDERS' EQUITY — PARENT COMPANY

Equity		2016		2015	
		Shares	Votes	Shares	Votes
Number of shares and votes		54,713,105	54,713,105	53,924,273	53,924,273
Parent Company 2015 (SEK thousand)	Note	Share capital	Statutory reserve	Premium reserve	Retained earnings
Balance at 1 January 2015		5,314	41,419	117,195	323,229
Comprehensive income					
Profit for the period					120,643
<b>Comprehensive income</b>					<b>120,643</b>
Transactions with shareholders					
Redemption of shares	23				- 138,161
Warrant premiums	20			1,595	
Share issue		79		28,547	
<b>Total transactions with shareholders</b>		<b>79</b>		<b>30,142</b>	<b>- 138,161</b>
<b>Balance at 31 December 2015</b>		<b>5,392</b>	<b>41,419</b>	<b>147,337</b>	<b>305,711</b>
Parent Company 2016 (SEK thousand)	Note	Share capital	Statutory reserve	Premium reserve	Retained earnings
Balance at 1 January 2016		5,392	41,419	147,337	305,711
Comprehensive income					
Profit for the period					129,113
<b>Comprehensive income</b>					<b>129,113</b>
Transactions with shareholders					
Redemption of shares	23				- 156,380
Warrant premiums	20			2,504	
Share issue		53		21,181	
Share issue acquisition		26		14,348	
<b>Total transactions with shareholders</b>		<b>79</b>		<b>38,034</b>	<b>- 156,380</b>
<b>Balance at 31 December 2016</b>		<b>5,471</b>	<b>41,419</b>	<b>185,372</b>	<b>278,442</b>

# CASH FLOW STATEMENT FOR THE PARENT COMPANY

Cash flow statement (SEK thousand)	Note	2016	2015
<b>Cash flow from operating activities</b>			
Pre-tax profit		152,640	139,145
Adjustment for items not included in the cash flow	32	8,365	9,583
Paid tax		-17,968	-12,207
<b>Cash flow from operating activities before changes in working capital</b>		<b>143,037</b>	<b>136,521</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in operating assets		-8,751	26,142
Increase (+)/decrease (-) in operating liabilities		-3,855	-19,609
<b>Cash flows from current operations</b>		<b>130,431</b>	<b>143,054</b>
<b>Cash flow from investing activities</b>			
Investments in tangible assets		-44	—
Investments in financial assets		-8,572	-9,000
<b>Cash flow from investing activities</b>		<b>-8,616</b>	<b>-9,000</b>
<b>Cash flow from financing activities</b>			
Warrant premiums		2,504	1,595
Share issue		21,234	28,625
Redemption of shares	23	-156,380	-138,161
<b>Cash flow from financing activities</b>		<b>-132,641</b>	<b>-107,941</b>
<b>Cash flow for the period</b>		<b>-10,826</b>	<b>26,113</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>136,565</b>	<b>110,452</b>
<b>Cash and cash equivalents at end of year</b>	32	<b>125,739</b>	<b>136,565</b>



# NOTES

## 1. General information

HiQ International AB ('the Company') and its subsidiaries (together 'HiQ' or 'the Group') is a consultancy company with operations mainly in the Nordic region and Russia. The Company is a limited liability company incorporated and domiciled in Stockholm, Sweden. The address of its registered office is Box 7421, 103 91 Stockholm, Sweden. The Company is listed on Nasdaq Stockholm Mid Cap.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 February 2017. The income statements and balance sheets are to be adopted by the Annual General Meeting on 22 March 2017.

## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC) as they have been adopted by the EU and in accordance with RFR 1 and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 34 (Critical accounting assumptions).

### New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2016:

- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any impact on the accounting policies or disclosures for the current period or any prior period and is not likely to affect future periods.

None of the other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2016 has had a material impact on the Group's financial statement.

### New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

### New standards not yet in force

IFRS 9, "Financial instruments", replaces parts of IAS 39 with regards to the classification and measurement of financial assets and liabilities. IFRS 9 maintains a mixed valuation approach but simplifies the approach in certain areas. IFRS 9 has three classification categories for debt instruments: amortized cost, fair value through other comprehensive income and fair value through profit or loss. Classification of instruments is driven by the company's business model and the characteristics of the instrument. Investments in debt instruments is valued at amortized cost if:

- a). the purpose of the holding is to get contractual cash flows and
- b). the contractual cash flows is only interest and amortizations.

All other debt and equity instruments, including investments in complex instruments should be valued at fair value. All changes in fair value of financial instruments is charged through profit or loss, with the exception of equity instruments, not held for sale, for which there is an option to charge through other comprehensive income. No reclassification to the income statement will be made at the disposal of the instrument. For debt instruments, value at fair value, a company should recognize the part of the value change due to changes in the company's credit rating in other comprehensive income. The new hedge accounting rules in IFRS 9 gives the company better possibilities to mirror the applied risk management strategy. In general, the requirements for hedge accounting are relaxed. The new standard extends the disclosure requirements and implies some changes in the presentation format. IFRS 9 does also impose a new model for the calculation of credit loss

reserves, based on expected credit losses. The new model for write-downs includes a three-step model based on changes in credit quality on the financial assets. The steps guide how a company values and accounts for write-downs and how they should apply the effective interest method. For financial assets without a significant finance component, for example accounts receivables and leasing assets, rules for simplifications are in place meaning that the company could present a reserve for the whole duration of the receivable and thereby does not need to make a reserve when a substantial change in the credit rating occurs.

Entities applying the standard before 1 February 2015 continue to have the option to apply the standard in phases. If an entity elects to early apply IFRS 9 (but after 1 February 2015) it must apply all of the requirements at the same time. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

IFRS 15, "Revenue from contracts with customers", is the new standard for revenue recognition. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction contracts and all associated interpretations. (IFRIC and SIC). Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, nor is it necessarily the same as the culmination of an earnings process as it is considered today. The main principle in IFRS 15 is that a company recognizes revenue in the way best reflecting the transfer of the promised good or service to the customer. This recognition is made by a five step model:

- Step 1: identify the contract with the contract
- Step 2: identify different components in the contract
- Step 3: set the transaction price
- Step 4: allocate the transaction price on different components
- Step 5: recognize revenue when a component is complete

The most significant changes compared to the current standards are: distinct goods or services integrated in contracts must be recognized as separate components and discounts shall as a main rule be allocated to the separate contracts. If the consideration includes variable considerations (performance bonuses, discounts, royalties) revenues could be recognized earlier than according to current standards. They should be estimated and included in the transaction price to the extent they with high probability will not be reversed. The timing of recognition could vary: some revenues that under current standards are recognized at the end of the contract could be allocated during the contract period and vice versa. There are also new specific rules regarding licenses, warranties, pre-payments and consignment agreements. The standard does also imply increased need for disclosures.

A company could choose between "full retroactivity" or future application with additional disclosures. IFRS 15 is effective for annual periods beginning on or after 1 January 2018.

IFRS 16, "Leases", In January 2016 IASB published a new leasing standard that will replace IAS 17 "Leases" and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities arising from all leasing agreements, with a few exceptions, should be shown in the balance sheet. This accounting is based on the view that the lessee has a right to use an asset during a specific period of time and at the same time has an obligation to pay for this right. The accounting for the lessor will in all material aspects be unchanged. The standard is applicable for financial years starting 1 January 2019 or later. Earlier adoption is accepted.

The group is yet to assess the full impact of the standards outlined above. No other standards, amendments and interpretations not yet in force is expected to have a material impact on the Group.

### Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services. Revenue is shown, net of value-added tax and rebates. Revenue is recognized as follows:

#### Sales of services – assignments on current account

The Group sells IT and management consultancy services to its customers. Sales of services are recognized in the accounting period in which the services are rendered. Work carried out that has not yet been invoiced on the balance sheet date is reported as accrued income.

#### Sales of services – fixed price assignments

Income from ongoing fixed price service assignments and expenses relating to these assignments are reported as income and costs respectively in accordance with the degree of completion of the assignment on the closing day (percentage of completion method).

The percentage of completion of an assignment is determined by comparing expense incurred on the closing day with the estimated total expenditure. In cases where the outcome of the service assignment cannot be estimated with any degree of certainty, the income is reported only to the extent that corresponds to the assignment costs incurred that will probably be reimbursed by the client. An anticipated loss on an assignment is reported immediately as a cost. Fixed price assignments make up only a limited proportion of net sales. In 2016, the proportion of fixed price assignments was 1.9% (3.0%), of total net sales.

### Sales of products

Sales of products are recognized when the revenue could be measured reliably, the customer has accepted the products and collectability of the related receivables is reasonably assured. Sales of products are mostly done in the form of computers, third party software licenses etc as a part of a consultancy assignment.

### License income

Income from license sales is distributed in accordance with the financial import of the agreement concerned.

### Interest income and dividends

Interest income is recognized using the effective interest method. Dividend income is recognized when the Group's right to receive payment has been established.

## Consolidation

### Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs in connection to acquisitions are expensed at time of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the principles adopted by the Group.

### Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its associates' post-acquisition profits or losses is recognised in other comprehensive income, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

### Tangible fixed assets

Tangible fixed assets are reported at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Improvement expenses to others' property 17%–20%

Equipment 20%

Leased equipment 17%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

## Intangible assets

### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

### Acquired customer relations

Customer relations that are acquired by the Group is reported at acquisition cost less accumulated amortizations and write downs. Acquired customer relations are amortised over 5 years.

## Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets.

### A) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

### B) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Currently, the Group does not have any substantial holding of such securities.

## Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards from ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum leasing payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of financial charges, are included in other long-term and short-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term. Leases where the lessor retains a significant proportion of risks and rewards of ownership are classified as operating leases. Expenses made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

## Income taxes

Income tax reported consists of tax that is to be paid or received during the current year, adjustments for the previous year's tax, and changes in deferred tax. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination or temporary differences arising from goodwill accounting, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities is offset when there exists a legal right to offset these assets and liabilities and when the deferred taxes are subject to the same authority.

## Provisions

Provisions for restructuring costs and legal claims etc are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than

not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are valued at the net present value of the amount that is expected to be required in order to settle the commitment. The increase of the provision over time is recognized as interest expense.

### Foreign currency translation

#### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Swedish crowns, which is the Company's functional and presentation currency. When recalculating foreign subsidiaries used currency amounts to, on balance day: EUR/SEK 9,57 (9,14), DKK/SEK 1,29 (1,22), and RUB/SEK 0,15 (0,11).

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

A) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

B) Income and expenses for each income statement are translated at average exchange rates.

C) On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken as a separate item in other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on

the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

### Accounts receivable, trade

Trade receivables are recognised initially at fair value. They are subsequently measured at amortised cost, less provision for impairment. Trade receivables are always short-term, and consequently the effective interest method is not applicable. Provision for impairment is made if there is objective evidence that the Group will not receive the amount due according to the original terms of the receivables. Significant financial difficulties on the part of the debtor, the likelihood that the debtor will be declared bankrupt or undergo financial restructuring and missed or late payments (more than 30 days overdue) are regarded as indications of possible impairment of receivables. The amount of the provision is the difference between the book value of the asset and the present value of the expected future cash flows. The impairment is recognised in the income statement immediately. The reported value of the asset is reduced using an impairment account and the loss is reported in the income statement under other external expenses. When a receivable cannot be collected it is written off in the impairment account for receivables. An amount previously written off is reversed by crediting other external expenses in the income statement.

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term investments that can be traded within 3 months.

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, from the proceeds.

### Accounts payable

Accounts payable are initially reported at fair value and thereafter at accrued acquisition value, applying the effective interest method.

## Employee benefits

### A) Pension obligations

HiQ operates a number of different pension plans. All plans are defined contribution plans where HiQ pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### B) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

### C) Profit-sharing and bonus plans

When profit-sharing and bonus programs are in use the Group expenses costs for these programs in accordance with the obligations to pay such compensation.

### D) Share-based payments

The group operates one share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (matching warrants) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted and the terms associated with the allocation of warrants.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

## Fair value

The reported value – after any impairment – of trade receivables and payables is assumed to equate to their fair value, since these entries are short-term in nature. The fair value of financial liabilities is calculated, for disclosure purposes, by discounting the future contracted cash flow to the current market interest rate available for similar financial instruments.

## Accounting policies for the parent company

The parent company's accounts have been prepared in accordance with the Swedish Annual Accounts Act and Statement RFR 2 "Accounting for legal entities" issued by the Swedish Financial Accounting Standards Council. RFR 2 states that the parent company shall apply all standards and statements issued by IFRS that has been adopted by the EU, as far this is possible according to the Swedish Annual Accounts Act. Consideration should also be taken to the connection between accounting and taxation. The statement RFR 2 states in which cases, exceptions and additions should be made in relation to IFRS. The most important differences between the accounting principles of the Group and the Company are stated below. The principal accounting policies outlined below have been applied in the preparation of the parent company's financial statements.

These policies have been consistently applied to all the years presented, unless otherwise stated.



**Dividends**

Dividends are recognised when the right to receive payment is regarded as collectable.

**Financial instruments**

In the parent company financial instruments are valued of acquisition cost less accumulated writedowns. Financial current assets are valued to the lower of cost or market.

**Fixed tangible assets****Owned assets**

Tangible fixed assets are reported at acquisition cost less a deduction for accumulated depreciation and write-downs, as in the Group but with the addition of possible write-ups.

**Leased assets**

All leasing agreements are treated as operational leasing agreements.

**Taxes**

In the parent company untaxed reserves are accounted for including deferred tax. In the consolidated accounts are the untaxed reserves dividend into deferred tax and equity.

**Group Contributions**

Group Contributions from the parent company to group companies are reported as an increase at shares in subsidiaries.

### 3. Segment reporting

Management has decided the operating segments based upon the reports reviewed by the highest executive decision maker, meaning the management group. The operations is considered upon a geographic perspective based upon where the operations are located, i.e. Sweden, Öresund and Finland. The two segments, Sweden and Öresund, are reported together due to the fact that they have similar financial characteristics and that the services and clients are similar. The Russian operations is regarded as an integrated part of the Swedish operations and

is therefore included in the operating segment Sweden. The reportable segments derive their revenue primarily from sale of consultancy services. The reportable segments performance is measured on an operating profit-level, where central costs are allocated to the reportable segments, to the extent possible. Financial items are not allocated to the reportable segments. Sales between the reportable segments are done at market terms. The highest executive decision maker doesn't follow up financial items per segment nor tax costs per segment, only on a group level.

(SEK thousand)	Finland		Sweden & Öresund		Group Elim.		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
External revenues	303,252	262,701	1,356,174	1,245,258	0	0	1,659,426	1,507,959
Revenues from other segments	521	414	0	2,250	-521	-2,664	0	0
<b>Total revenues</b>	<b>303,773</b>	<b>263,115</b>	<b>1,356,174</b>	<b>1,247,508</b>	<b>-521</b>	<b>-2,664</b>	<b>1,659,426</b>	<b>1,507,959</b>
Operating profit	56,733	51,322	166,198	143,983	-15,024	-12,379	207,907	182,926
Operating margin	18.7%	19.5%	12.3%	11.5%			12.5%	12.1%
Depreciation	1,818	1,742	9,175	8,128	—	—	10,993	9,870
Investments in fixed assets	995	3,899	4,481	2,531	17,504	16,562	22,980	22,992

Total operating profit, according to the table above is in accordance with the Group's operating profit.

Reconciliation with the profit before tax is found below:

Operating profit							207,907	182,926
Financial items							-460	-187
Profit before tax							207,447	182,739
Assets	352,210	320,030	724,036	633,602	46,916	81,107	1,123,162	1,034,739
Of which in associates	12,157	11,611						
Share of profit in associated companies	0	0	—	—	—	—	0	0

Non-allocated assets amounting to SEK 46,916 (81,107) thousand relates to assets, including cash, in the parent company.

### 4. Sales distribution

Net sales (SEK thousand)	Group		Parent company	
	2016	2015	2016	2015
Consultancy services	1,616,883	1,481,301	53	0
Re-billed expenses	35,102	23,642	7,829	7,280
Other	7,441	3,016	36,779	26,369
<b>Total</b>	<b>1,659,426</b>	<b>1,507,959</b>	<b>44,661</b>	<b>33,649</b>

Of net sales, clients in Sweden account for SEK 1,331,361 (1,224,814) thousand, clients in Finland SEK 302,517 (266,415) thousand and other countries SEK 25,547 (16,730) thousand.

In 2016 one client accounted for more than 10% of net sales. This client's proportion of net sales was 11%. The client belongs to the segment Sweden & Öresund and Finland.

## 5. Employees and salaries

Average number of employees	2016			2015		
	Total	Women	Men	Total	Women	Men
<b>Parent company</b>						
The municipality of Stockholm	6	3	3	6	2	4
<b>Subsidiaries</b>						
Sweden	1,059	242	817	1,009	227	782
Denmark	7	2	5	7	2	5
Finland	243	52	191	214	45	169
Russia	46	8	38	34	7	27
<b>Total for the group</b>	<b>1,361</b>	<b>307</b>	<b>1,054</b>	<b>1,270</b>	<b>283</b>	<b>987</b>

Group (incl subsidiaries)	2016			2015		
	No on balance sheet day	Of which men	Of which women	No on balance sheet day	Of which men	Of which women
Board members	13	77%	23%	13	77%	23%
CEO and other Senior executives	11	82%	18%	11	82%	18%
<b>Parent Company</b>						
Board members	7	57%	43%	8	62%	38%
CEO and other Senior executives	3	100%	0%	4	75%	25%

Salaries and other remuneration (SEK thousand)	2016		2015	
	Group	Parent company	Group	Parent company
The board of Directors and CEO	24,728	9,497	22,762	8,822
Other employees	724,677	5,318	675,134	5,419
Bonus reservation (warrant programme)	708	18	430	430
Costs matching warrants	112	112	286	286
<b>Total salaries and other remuneration</b>	<b>750,225</b>	<b>14,945</b>	<b>698,612</b>	<b>14,957</b>
Legal and contractual social security contributions	218,372	5,315	201,716	4,393
Bonus reservation and matching warrants	601	384	298	298
<b>Pension expenses</b>				
The board of Directors and CEO	4,130	444	3,500	444
Other employees	101,887	962	94,533	695
<b>Total salaries and remuneration, pension expenses and social security contribution</b>	<b>1,075,215</b>	<b>22,050</b>	<b>998,659</b>	<b>20,787</b>

Salaries, remuneration, pension expenses and social security contributions for group companies in 2016 totalled SEK 877,417 (824,820) thousand in Sweden, SEK 7,413 (6,352) thousand in Denmark and SEK 177,056 (158,153) thousand in Finland and in Russia with SEK 13,328 (9,333) thousand. The variable part of the salaries and remuneration paid to the Board of Directors and the CEO is SEK 7,920 (6,963) thousand for the Group and SEK 4,588 (4,050) thousand for the Parent Company. For further information regarding benefits for senior executives, please refer to note 29.

## 6. Auditor's fee

(SEK thousand)	2016		2015	
	Group	Parent company	Group	Parent company
<b>PricewaterhouseCoopers</b>				
Auditing	1,183	370	1,264	380
Associated services in addition to auditing	49	34	36	0
Tax advisory	148	0	115	115
Other services	197	0	59	41
<b>Total</b>	<b>1,577</b>	<b>404</b>	<b>1,474</b>	<b>536</b>

## 7. Financial income and costs

Group	2016	2015
Interest income	287	296
Exchange rate changes	244	15
<b>Financial income</b>	<b>531</b>	<b>311</b>
Interest expenses	-417	-383
Exchange rate changes	-574	-115
<b>Financial expenses</b>	<b>-991</b>	<b>-498</b>
<b>Financial net</b>	<b>-460</b>	<b>-187</b>

### Parent Company

<b>Result from shares in group companies</b>		
Write-down of shares in subsidiaries	-8,000	-9,000
Received dividends	45,900	55,304
Received Group contribution	130,000	105,000
<b>Total</b>	<b>167,900</b>	<b>151,304</b>

### Interest income and similar items

Exchange rate changes	398	1,039
Interest income, Group companies	28	22
Interest income, other	11	50
<b>Total</b>	<b>437</b>	<b>1,111</b>

### Interest expenses and similar items

Exchange rate changes	-661	-446
Interest expenses, Group companies	0	-190
Interest expenses, other	-107	0
<b>Total</b>	<b>-768</b>	<b>-636</b>

## 8. Foreign exchange differences

Group (SEK thousand)	2016	2015
Net sales	991	187
Assignment-specific external expenses	-939	-837
<b>Total</b>	<b>52</b>	<b>-650</b>

## 9. Taxes

Group (SEK thousand)	2016	2015
<b>Current tax</b>		
Tax for the period	46,108	40,931
Adjustment of previous years' tax	0	0

<b>Deferred tax</b>		
Deferred tax temporary differences	-32	-86
Loss carried forward	7	-355
<b>Total tax cost – Group</b>	<b>46,083</b>	<b>40,490</b>

Parent Company (SEK thousand)	2016	2015
<b>Current tax</b>		
Tax for the period	25,287	20,482
Deferred tax on given group contributions	-1,760	-1,980
<b>Total tax cost – Parent Company</b>	<b>23,527</b>	<b>18,502</b>

Effective tax rate	2016 (%)	2016	2015 (%)	2015
Group				
Profit before tax (SEK thousand)		207,447		182,739
Income tax rate in Sweden	22.0%		22.0 %	
Effect of foreign income tax	-0.5%		-0.6%	
Non-deductible costs	0.7%		0.5%	
Non-taxable income	0.0%		0.0%	
Other	0.1%		0.2%	
<b>Average tax-rate</b>	<b>22.2%</b>	<b>46,083</b>	<b>22.1%</b>	<b>40,490</b>

Effective tax rate	2016 (%)	2016	2015 (%)	2015
Parent Company				
Profit before tax (SEK thousand)		152,640		139,145
Income tax rate in Sweden	22.0%		22.0%	
Non-deductible costs / Non-taxable income	-5.4%		-7.3%	
Other	-1.2%		-1.4%	
<b>Average tax rate</b>	<b>15.4%</b>	<b>23,527</b>	<b>13.3%</b>	<b>18,502</b>

Tax attributable to the items in other comprehensive income amounts to the following amount

	2016			2015		
	Pre tax	Tax effect	After tax	Pre tax	Tax effect	After tax
Exchange differences	16,452	—	16,452	-14,460	—	-14,460

## 10. Deferred tax assets/liabilities

(SEK thousand)	2016		2015	
	Group	Parent Company	Group	Parent Company
<b>Deferred tax assets</b>				
Losses carried forward	2,033	0	2,028	0
Fixed assets	406	406	359	359
<b>Total</b>	<b>2,439</b>	<b>406</b>	<b>2,387</b>	<b>359</b>
<b>Deferred tax liabilities</b>				
Untaxed reserves	0	0	0	0
Intangible fixed assets	393	0	0	0
<b>Total</b>	<b>393</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recovery date for deferred tax assets (SEK thousand)	2016		2015	
	Group	Parent Company	Group	Parent Company
Deferred tax assets to be recovered after 1 year	2,439	406	2,387	359
Recovery date for deferred tax liabilities (SEK thousand)	2016		2015	
	Group	Parent Company	Group	Parent Company
Deferred tax liabilities to be recovered within 1 year	148	–	–	–
Deferred tax liabilities to be recovered after 1 year	245	–	–	–
Book value (SEK thousand)	Deferred tax assets		Deferred tax liabilities	
	Group	Parent Company	Group	Parent Company
As of 1 January 2015	2,688	277	140	–
Change during the year	-301	82	-140	–
<b>As of 31 December 2015</b>	<b>2,387</b>	<b>359</b>	<b>0</b>	<b>–</b>
As of 1 January 2016	2,387	359	0	–
Change during the year	52	47	393	–
<b>As of 31 December 2016</b>	<b>2,439</b>	<b>406</b>	<b>393</b>	<b>–</b>

The change in deferred tax assets is attributable to utilized tax losses. The change in deferred tax liabilities is attributable to acquired customer relations.



## 11. Fixed tangible assets

	Group				Parent Company	
(SEK thousand)	Improvement expenses for others' property	Equipment	Leased Equipment	Total	Equipment	Improvement expenses for others' property
<b>Acquisition value</b>						
Balance at 1 January 2015	11,716	25,928	38,062	75,706	1,114	2,461
Investments	2,600	4,282	16,562	23,444	0	0
Acquired assets	0	0	0	0	0	0
Exchange differences	-111	-341	0	-452	0	0
Disposals	-490	-2,647	-15,762	-18,899	0	0
<b>Balance at 31 December 2015</b>	<b>13,715</b>	<b>27,222</b>	<b>38,862</b>	<b>79,799</b>	<b>1,114</b>	<b>2,461</b>
Balance at 1 January 2016	13,715	27,222	38,862	79,799	1,114	2,461
Investments	1,293	4,183	17,504	22,980	44	0
Acquired assets	0	15	0	15	0	0
Exchange differences	207	476	0	683	0	0
Disposals	0	-2,747	-14,143	-16,890	0	0
<b>Balance at 31 December 2016</b>	<b>15,215</b>	<b>29,149</b>	<b>42,223</b>	<b>86,587</b>	<b>1,158</b>	<b>2,461</b>

	Group				Parent Company	
(SEK thousand)	Improvement expenses for others' property	Equipment	Leased Equipment	Total	Equipment	Improvement expenses for others' property
<b>Depreciations and write-downs</b>						
Balance at 1 January 2015	-7,298	-20,097	-12,237	-39,632	-736	-1,681
Depreciation	-2,056	-1,808	-5,199	-9,063	-91	-493
Disposals	490	2,640	6,679	9,809	0	0
Exchange differences	88	145	0	233	0	0
<b>Balance at 31 December 2015</b>	<b>-8,776</b>	<b>-19,120</b>	<b>-10,757</b>	<b>-38,653</b>	<b>-827</b>	<b>-2,174</b>
Balance at 1 January 2016	-8,776	-19,120	-10,757	-38,653	-827	-2,174
Depreciation	-2,016	-2,863	-5,886	-10,765	-78	-287
Disposals	0	2,736	5,663	8,399	0	0
Exchange differences	-118	-131	0	-249	0	0
<b>Balance at 31 December 2016</b>	<b>-10,910</b>	<b>-19,378</b>	<b>-10,980</b>	<b>-41,268</b>	<b>-905</b>	<b>-2,461</b>

	Group				Parent Company	
(SEK thousand)	Improvement expenses for others' property	Equipment	Leased Equipment	Total	Equipment	Improvement expenses for others' property
<b>Net book values</b>						
Balance at 1 January 2015	4,418	5,831	25,825	36,073	378	779
Balance at 31 December 2015	4,939	8,102	28,105	41,147	287	287
Balance at 1 January 2016	4,939	8,102	28,105	41,147	287	287
Balance at 31 December 2016	4,305	9,771	31,243	45,319	253	0

### Leased equipment

The Group leases company cars with financial leasing. The agreements are based on market terms. The leased assets are collateral for the leasing debt (note 27). Paid leasing fees amounts to SEK 6,137 (5,524) thousand.

## 12. Intangible assets

Group (SEK thousand)	Goodwill	Acquired customer relations	Total
<b>Acquisition value</b>			
Balance at 1 January 2015	343,211	30,215	373,426
Exchange differences	-9,894	0	-9,894
<b>Balance at 31 December 2015</b>	<b>333,317</b>	<b>30,215</b>	<b>363,532</b>
Balance at 1 January 2016	333,317	30,215	363,532
Acquisition	16,489	3,339	19,828
Exchange differences	11,402	0	11,402
<b>Balance at 31 December 2016</b>	<b>361,208</b>	<b>33,554</b>	<b>394,762</b>
<b>Amortisations and write-downs</b>			
Balance at 1 January 2015	0	-29,395	-29,395
Amortisation	0	-807	-807
Exchange differences	0	-13	-13
<b>Balance at 31 December 2015</b>	<b>0</b>	<b>-30,215</b>	<b>-30,215</b>
Balance at 1 January 2016	0	-30,215	-30,215
Amortisation	0	-227	-227
Exchange differences	0	24	24
<b>Balance at 31 December 2016</b>	<b>0</b>	<b>-30,418</b>	<b>-30,418</b>
Group (SEK thousand)	Goodwill	Acquired customer relations	Total
<b>Net book values</b>			
Balance at 1 January 2015	343,211	820	344,031
Balance at 31 December 2015	333,317	0	333,317
Balance at 1 January 2016	333,317	0	333,317
Balance at 31 December 2016	361,208	3,136	364,344

Acquired customer relations is amortised on a straight-line method over their estimated useful lives. The useful life is expected to 5 years, equivalent to a rate of 20% per year.

### Impairment tests for goodwill

The cash-generating units listed below account for the majority of the Group's total goodwill:

(SEK thousand)	2016	2015
HiQ Finland – consultancy services in Finland	189,075	180,581
Great Apes – consultancy services in Finland	16,593	-
HiQ Öresund – consultancy services in Öresund	48,861	46,209
HiQ Göteborg – consultancy services in Gothenburg	25,537	25,537
HiQ Stockholm – consultancy services in Stockholm	61,204	61,052
HiQ Ace – consultancy services in Linköping	19,938	19,938
<b>Total</b>	<b>361,208</b>	<b>333,317</b>

Recoverable amount for cash-generating units is based on the following important assumptions: The impairment tests have been based on calculations of the value in use. These values are based on cash flow valuations, in which the forecast for the first year constitutes agreed budget for the unit. The forecast for the following four years is based on management's judgement of the

development during this period. Cash flows forecasted for the period beyond the explicit forecast period is based on a continued annual growth rate of 1% (1% in 2015). This level is estimated to be in line with the expected level of inflation. Forecasted cash flows are discounted with a discount rate of 9.1%, pre-tax (8.2% in 2015).

### **Important assumptions and variables with a significant impact on the calculated recoverable amount**

The assumptions that the Company have made regarding top-line growth and operating margin are in line with historical outcome as well as external sources of information such as published market research regarding HiQ and the IT-consultancy sector. The assumptions do not imply any substantial increases compared to historically achieved levels.

#### **Top-line growth**

Net sales for a consultancy company is dependent on assumptions regarding price levels, utilization rates and number of employees.

#### **Operating margin**

A consultancy company has a low need for investments and also low working capital requirements. Therefore, the operating margin is of relatively large importance for the forecasted future cash flows. In addition to the development of net sales, staff expenses is one of the most important variables for the estimation of the future operating margin.

#### **Discount rate**

When calculating the recoverable amount HiQ has made the assumption that the operations is financed only by equity,

an assumption that is regarded as fair based on HiQ's type of operations. The interest rate has thereafter been estimated based on a judgement of market terms. The discount rate level is also in line with the levels the stock market demands from a company like HiQ.

#### **Long-term growth**

When calculating the recoverable amount HiQ has used a growth rate of 1% in order to extrapolate cash flows after the explicit forecast period.

A sensitivity analysis shows that none of the cash-generating units has a need for impairment if the following assumptions are assumed:

- Top-line growth: 0% (from the first forecasted year and onwards)
- Operating margin: 15% (in line with the Group's long term financial targets)
- Discount rate: 9.1% pre-tax

The Company's prediction is that reasonable possible changes in annual growth rate, operating margins, discount rate and other assumptions would not have such large impact on the recoverable amount that they would reduce the recoverable amount to a value lower than the carrying amount.

### 13. Investments in associates

Group (SEK thousand)	2016	2015
At beginning of year	11,611	12,066
Share of profit	0	0
Exchange differences	546	-455
<b>Book value at end of year</b>	<b>12,157</b>	<b>11,611</b>

Investments in associates refers to HiQ Finland's premises in Espoo, Finland. These premises is owned by a real estate company, owned by the companies that are tenants. The ownership shares in the real estate company are equal to the proportion of the area that HiQ Finland has of the total area of the building. The real estate company is a non-profit company with the only mission to provide its tenants cost-efficient premises. The name of the real estate company is Westend Affärscentrum OY and the Group's ownership share is 29.9% by the end of 2016. The Group's share of revenues, profit, assets and liabilities are outlined below:

(SEK thousand)	Sales	Profit	Assets	Liabilities	Equity	Ownership
2016						
Westend Affärscentrum OY	730	0	12,292	135	12,157	29.9 %
2015						
Westend Affärscentrum OY	658	0	11,747	117	11,611	29.9 %

### 14. Receivables – group companies

Parent Company (SEK thousand)	2016	2015
Receivables – Group companies	19,318	13,054

### 15. Financial fixed assets

Group (SEK thousand)	2016	2015
Available-for-sale financial assets – shares	0	0
Other receivables	285	285
<b>Total</b>	<b>285</b>	<b>285</b>

None of the receivables above have been due.

### 16. Other receivables

Group (SEK thousand)	2016	2015
Work in progress	1,578	1,464
Other receivables	4,477	5,317
<b>Total</b>	<b>6,055</b>	<b>6,781</b>

The book value of other receivables is assessed to equate to their fair value. None of the receivables above have been due.

Parent Company (SEK thousand)	2016	2015
Other receivables	1,654	1,703

## 17. Accounts receivables, trade

Group (SEK thousand)	2016	2015
Accounts receivables, trade	346,896	304,045
Provisions for bad debt	-378	-3,591
<b>Book value of accounts receivables, trade</b>	<b>346,518</b>	<b>300,454</b>

The book value of trade receivables is assessed to equate to their fair value. For a breakdown of reported trade receivables by age see below:

Group	2016	2015
Not yet due	334,896	270,998
Up to 3 months overdue	11,332	24,505
Between 3 and 6 months overdue	147	313
More than 6 months overdue	143	4,638
<b>Total</b>	<b>346,518</b>	<b>300,454</b>

The amounts in the table above show amounts that are due but not written down. The Group's clients are primarily globally leading international corporations with a good credit rating. The Group has suffered very limited bad debts in its history.

The book value of trade receivables breaks down into the following currencies:	2016	2015
Swedish kronor	278,832	253,172
Euro	66,548	45,590
Danish kronor	589	793
US Dollar	0	27
Other currencies	549	872
<b>Total</b>	<b>346,518</b>	<b>300,454</b>

During the year the following changes were made in the provisions for bad debt:	2016	2015
Opening balance	3,591	3,591
Provisions	378	0
Reversed provisions	-3,591	0
Confirmed bad debt	0	0
<b>Closing balance</b>	<b>378</b>	<b>3,591</b>

Provisions and write-downs for trade receivables are reported under "Other external expenses" in the consolidated income statement.

## 18. Prepaid expenses and accrued income

	Group		Parent Company	
(SEK thousand)	2016	2015	2016	2015
Assignments not yet invoiced	110,533	91,334	367	0
Other	21,336	20,390	3,287	3,485
<b>Total</b>	<b>131,869</b>	<b>111,724</b>	<b>3,654</b>	<b>3,485</b>

The book value is assessed to equate to their fair value.

## 19. Cash and cash equivalents

Group (SEK thousand)	2016	2015
Cash and cash equivalent	204,262	212,414
<b>Total</b>	<b>204,262</b>	<b>212,414</b>

## 20. Share capital

	Number of shares
As of 1 January 2015	53,139,023
Split 2:1 (each share split into an ordinary share and one redemption share)	53,139,023
Redemption of redemption shares	-53,139,023
Share issue – conversion of warrants	785,250
<b>As of 31 December 2015</b>	<b>53,924,273</b>
As of 1 January 2016	53,924,273
Split 2:1 (each share split into an ordinary share and one redemption share)	53,924,273
Redemption of redemption shares	-53,924,273
Share issue – conversion of warrants	229,000
Share issue – acquisition	257,832
Share issue – conversion of warrants	302,000
<b>As of 31 December 2016</b>	<b>54,713,105</b>

The total number of ordinary shares as of 31 December 2016 amounted to 54,713,105 (53,924,273) with a quota value of SEK 0.10 per share. All issued shares are fully paid.

### Outstanding warrants

At the end of the financial year the following series of warrants (where each warrant entitles the holder to subscribe for one share) were outstanding:

Time of issue	Subscription period	Strike price	Outstanding number of warrants	
			2016-12-31	2015-12-31
May 2013	May 2016	38.60 SEK	—	229,000
November 2013	November 2016	41.50 SEK	—	304,200
May 2014	May 2017	39.20 SEK	395,000	395,000
November 2014	November 2017	38.20 SEK	178,688	178,688
May 2015	May 2018	42.80 SEK	355,000	355,000
November 2015	November 2018	49.20 SEK	283,200	283,200
May 2016	May 2019	50.30 SEK	420,000	—
November 2016	November 2019	58.20 SEK	422,500	—
<b>Total</b>			<b>2,054,388</b>	<b>1,745,008</b>

The average subscription price for outstanding warrants amounted to SEK 47.29 at the end of 2016 and SEK. 41.77 at the beginning of the year. Average strike price for warrants issued in 2016 amounts to SEK 54.26 (45.64). The warrants have been sold to employees of the Group. Sale of warrants are made on market terms, based on a valuation made by external advisors with Black-Scholes valuation model. The total amount of warrant premiums received amounts to SEK 2.5 (1.6) million, recognised in equity.

The following assumptions have been used in valuation of warrants:

	Value	Share price	Strike price	Interest	Volatility	Term
May 2013	2.15	35.15	38.60	0.91 %	26 %	3 years
November 2013	2.11	37.38	41.50	1.11 %	25 %	3 years
May 2014	2.70	40.05	39.20	0.81 %	22 %	3 years
November 2014	2.63	39.08	38.20	0.12 %	24 %	3 years
May 2015	2.33	41.20	42.80	0.01 %	24 %	3 years
November 2015	3.82	49.71	49.20	-0.30 %	24 %	3 years
May 2016	3.35	49.88	50.30	-0.41 %	24 %	3 years
November 2016	3.99	57.13	58.20	-0.66 %	24 %	3 years

Note 20, continued

### Share price

The share price for the May-2013-serie, was set at the average of the closing price from the period 2 May–7 May 2013. For the November-2013-serie the average closing price from the period 31 October–5 November 2013 was used. For the May-2014-serie the average closing price from the period 5 -8 May 2014 was used. For the November-2014-serie the average price from the period 30 October - 4 November 2014 was used. For the May-2015-serie the average closing price from the period 4–7 May 2015 was used. For the November-2015-serie the average price from the period 2–5 November 2015 was used. For the May-2016-serie the average closing price from the period 3–9 May 2016 was used. For the November-2016-serie the average price from the period 28 October–2 November 2016 was used.

### Strike price

The strike price for the May-2013-serie was set at 110% of the average closing price for the period 23 April – 7 May 2013. For the November-2013-serie 110% of the average closing price for the period 23 October–5 November 2013 was used. The strike price for the May-2014-serie was set at 100% of the average closing price for the period 24 April–8 May 2014. For the November-2014-serie 100% of the average closing price for the period 22 October–4

November 2014 was used. For the May-2015-serie 100% of the average closing price for the period 23 April–7 May 2015 was used. For the November- 2015-serie 100% of the average closing price for the period 23 October–5 November 2015 was used. For the May-2016-serie 100% of the average closing price for the period 26 April–9 May 2016 was used. For the November-2016-serie 100% of the average closing price for the period 20 October–2 November 2016 was used.

Expenses associated with the warrant programs amounted to SEK 0.1 (0.1) million, of which SEK 0.0 (0.0) million has been charged to costs and SEK 0.1 (0.1) million, recognised in equity.

### Matching warrants

As a part of the share ownership program, approved by the AGM 2016, a total of 134,800 (93,500 for the program 2015) matching warrants has been issued. These matching warrants are included in the total number of warrants in the section above. These matching warrants consist of warrants given to key employees without any paid consideration. In order to qualify for the matching warrants, the key employees shall still be employed at the start of the subscription period, i.e. after approx. 3 years. The Group has no legal or constructive obligation to repurchase or settle the matching warrants in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average strike price	Warrants
As of 1 January 2015	39.04	102,800
Granted	46.18	93,500
Forfeited	—	—
Exercised	—	—
Expired	—	—
<b>As of 31 December 2015</b>	<b>42.44</b>	<b>196,300</b>

	Average strike price	Warrants
As of 1 January 2016	44.42	196,300
Granted	53.93	134,800
Forfeited	46.61	-54,000
Exercised	—	—
Expired	—	—
<b>As of 31 December 2016</b>	<b>47.17</b>	<b>277,100</b>

Time of issue	Subscription period	Strike price	Number of warrants
May 2014	May 2017	39.20	72,500
November 2014	November 2017	38.20	16,300
May 2015	May 2018	42.80	44,000
November 2015	November 2018	49.20	9,500
May 2016	May 2019	50.30	72,800
November 2016	November 2019	58.20	62,000



## 21. Reserves

Group (SEK thousand)	Reserves	Exchange reserve	Total
Balance at 1 January 2015	46	2,744	2,790
Exchange differences:			
– Group	—	-14,460	-14,460
<b>Balance at 31 December 2015</b>	<b>46</b>	<b>-11,716</b>	<b>-11,670</b>
Balance at 1 January 2016	46	-11,716	-11,670
Exchange differences:			
– Group	—	16,452	16,452
<b>Balance at 31 December 2016</b>	<b>46</b>	<b>4,736</b>	<b>4,782</b>

## 22. Profit per share

### Basic profit per share :

Profit per share is calculated as profit for the period, attributable to the equity holders of the Company, divided by the average number of outstanding shares for the period.

Group (SEK thousand)	2016	2015
Profit for the period attributable to the equity holders of the company	161,364	142,249
Average number of outstanding shares (thousand)	54,264	53,444
<b>Basic profit per share (SEK/share)</b>	<b>2.97</b>	<b>2.66</b>

### Diluted profit per share:

The diluted profit per share is calculated as the profit for the period (attributable to the equity holders of the Company) divided by the average number of outstanding shares for the period with consideration taken to the potential dilution from outstanding warrants. The potential dilution is calculated as the difference between the outstanding number of options and the number of shares that could be acquired at market value (calculated as the average share price for the period), for the sum of the subscription price for the outstanding options.

Group (SEK thousand)	2016	2015
Profit for the period attributable to the equity holders of the company	161,364	142,249
Average number of outstanding shares (thousand)	54,264	53,444
Possible dilution from warrants	340	257
Adjusted number of outstanding shares	54,604	53,701
<b>Diluted profit per share (SEK/share)</b>	<b>2.96</b>	<b>2.65</b>

## 23. Dividend per share

The dividend paid in 2016 and 2015 amounted to SEK 0 million (0.00 per share) and SEK 0 million (SEK 0.00 per share) respectively. During spring 2016, HiQ completed a share split 2:1, (in which each ordinary share were split into one ordinary share and one redemption share) combined with compulsory redemption procedure, in which 53,924,273 shares were redeemed at SEK 2.90 each. Thereby a total of SEK 156,380 thousand was distributed to the shareholders. During spring 2015, HiQ completed a share split 2:1, (in which each ordinary share were split into one ordinary share and one redemption share) combined with compulsory redemption procedure, in which

53,139,023 shares were redeemed at SEK 2.60 each. Thereby a total of SEK 138,161 thousand was distributed to the shareholders. For 2016 the Board proposes that no dividend should be paid. It is also proposed a share split 2:1 (each ordinary share is split into one ordinary share and one redemption share) combined with a compulsory redemption procedure, where each redemption share is redeemed at SEK 3.10 per share, approximately SEK 170 million. The Annual General Meeting on March 22, 2017 will decide if procedure shall be carried out. These financial statements do not reflect the proposed split and redemption procedure.

## 24. Interest-bearing debt

(SEK thousand)	Group		Parent Company	
	2016	2015	2016	2015
<b>Long-term</b>				
Leasing (note 27)	25,357	22,907	0	0
Bank loan	151	946	0	0
<b>Total</b>	<b>25,508</b>	<b>23,853</b>	<b>0</b>	<b>0</b>
<b>Short-term</b>				
Leasing	5,887	5,198	0	0
<b>Total</b>	<b>5,887</b>	<b>5,198</b>	<b>0</b>	<b>0</b>

The book value is deemed to be equal to the fair value. The Parent Company (and the Group) has an unutilised overdraft facility of SEK 50 million (SEK 50 million).

## 25. Other liabilities

Group				
Other short-term liabilities (SEK thousand)			2016	2015
Social security contributions and tax			33,043	29,654
VAT			41,242	36,557
Other liabilities			20,955	20,502
<b>Total</b>			<b>95,240</b>	<b>86,713</b>
Parent Company				
Other short-term liabilities (SEK thousand)			2016	2015
Social security contributions and tax			961	1,010
Other liabilities			5,814	108
<b>Total</b>			<b>6,775</b>	<b>1,118</b>

## 26. Accrued expenses and pre-paid income

(SEK thousand)	Group		Parent Company	
	2016	2015	2016	2015
Holiday salaries, including social security contributions	93,718	85,412	1,062	1,180
Accrued payroll tax	19,119	17,983	341	276
Accrued salaries, including social security contributions	20,394	21,149	7,417	6,131
Other	20,201	17,967	2,377	2,601
<b>Total</b>	<b>153,432</b>	<b>142,511</b>	<b>11,197</b>	<b>10,188</b>

## 27. Leasing

Operational leasing (SEK thousand)	Group		Parent Company	
	2016	2015	2016	2015
Due for payment within 1 year	19,423	21,333	7,054	9,212
Due for payment between 1 and 5 years	18,768	28,510	325	6,948
Due for payment after 5 years	0	0	0	0

The Group's operational leasing contracts primarily consist of leases for premises. The premises rented by the Group are leased on market terms, with the rent partly or fully linked to changes in the price index. Lease terms are between 3 and 7 years. The parent company's operational leasing contracts primarily consist of leases for premises and company cars. The premises rented by the parent company are leased on market terms, with the rent partly or fully linked to changes in the price index.

Financial leasing (SEK thousand) – Group	2016	2015
Due for payment within 1 year	5,887	5,198
Due for payment between 1 and 5 years	25,356	22,907

The Group's financial leasing agreements relates to company cars. The leasing term is 3 years, with terminal value of 50% after 3 years, with a depreciation rate 17% per year. The leasing agreements can be terminated without financial penalty with the car being redeemed at its residual value. Leasing agreements are established on market terms. The leasing liability is hedged since the right to the leased object is returned to the lessor in case of payment failure.

## 28. Pledged assets and contingent liabilities

HiQ International AB has a contingent liability for the fulfilment of the subsidiaries leasing agreements. The amount for the contingent liabilities amount to SEK 30,560 (27,571) thousand. In addition to the contingent liabilities outlined above, there is no other pledged assets and contingent liabilities of SEK 0 (0) thousand related to leasing agreements.

Otherwise there are no other pledged assets or contingent liabilities that has been identified that are not reported in these financial statement.

## 29. Benefits for management

### Salary and other remuneration (SEK thousand) 2016

	Base salaries	Variable salaries	Other benefits	Pensions premiums	Other remuneration	Share-based program	Total
<b>Board</b>							
Gunnel Duveblad, Chairman of the Board	600	—	—	—	—	—	600
Johanna Fagrell Köhler	235	—	—	—	—	—	235
Ken Gerhardsen	235	—	—	—	—	—	235
Erik Hallberg	235	—	—	—	—	—	235
Ulrika Hagdahl	235	—	—	—	—	—	235
Raimo Lind	325	—	—	—	—	—	325
<b>Senior Executives</b>							
CEO	2,570	4,588	133	444	—	245	7,980
Other senior Executives (10 people)	14,519	4,123	1,149	2,900	—	744	23,435
<b>Total</b>	<b>18,954</b>	<b>8,711</b>	<b>1,282</b>	<b>3,344</b>	<b>—</b>	<b>989</b>	<b>33,280</b>

### Salary and other remuneration (SEK thousand) 2015

	Base salaries	Variable salaries	Other benefits	Pensions premiums	Other remuneration	Share-based program	Total
<b>Board</b>							
Anders Ljungh, Chairman of the Board	550	—	—	—	—	—	550
Gunnel Duveblad	315	—	—	—	—	—	315
Johanna Fagrell Köhler	225	—	—	—	—	—	225
Ken Gerhardsen	225	—	—	—	—	—	225
Erik Hallberg	225	—	—	—	—	—	225
Ulrika Hagdahl	225	—	—	—	—	—	225
Raimo Lind	225	—	—	—	—	—	225
<b>Senior Executives</b>							
CEO	2,570	4,050	123	444	—	59	7,246
Other senior Executives (11 people)	13,999	3,447	1,099	2,727	—	195	21,467
<b>Total</b>	<b>18,559</b>	<b>7,497</b>	<b>1,222</b>	<b>3,171</b>	<b>—</b>	<b>254</b>	<b>30,703</b>

Salaries and remuneration for the CEO in 2016 amounted to SEK 7,158 (6,620) thousand, of which the variable part amounted to SEK 4,588 (4,050) thousand. After the end of the reporting period SEK 950 thousand of the variable part contributable to 2016, has been exchanged to pension provisions, in a cost neutral way for the company. A defined contribution pension premium was paid at the highest tax-deductible amount, SEK 444 (444) thousand. Social security contributions amounted to SEK 2,291 (2,119) thousand as well as taxes on pension payment of SEK 108 (108) thousand. The retirement age of the CEO is 65 years. The CEO's employment terms stipulates a mutual period of notice of six months during which period salary and other benefits are paid. If the CEO resigns, salary and other benefits is paid under four months after the termination. If notice is given by the company, the CEO is also entitled to severance pay corresponding to ten months' remuneration. If the company would be acquired by a public offer, receives a new main shareholder or conducts a major shift in business idea or changes the scope of operations, the CEO has the right to resign on the same terms as if the notice was given by the company. The Board as a whole, except the CEO, acts as a remuneration committee and deals with matters concerning the CEO's

terms of employment and pension terms. The members of the Board received a total remuneration of SEK 1,865 (1,990) thousand, of which the chairman of the Board received SEK 600 (550) thousand. The AGM in March 2016 decided that the remuneration for the chairman of the Board shall amount to SEK 600 thousand and that the Board members not employed by the company shall receive a remuneration of SEK 235 thousand (Ken Gerhardsen, Johanna Fagrell Köhler, Raimo Lind, Erik Hallberg and Ulrika Hagdahl). In addition, the chairman of the audit committee has received a remuneration of SEK 90 thousand. The AGM decided that the Board members could invoice the remuneration from a company. In that case, the remuneration should be set at a level which is cost neutral for the company. In the table above, the basic amount of Board fees is stated. For Board members that have invoiced their Board fee from a company, the Board fee has been increased with social security costs, in order for the Board fee to be cost neutral for HiQ. For the Chairman of the Board compensation for security costs amount to SEK 189 thousand (Board fee is being invoiced). For other Board members social security costs have been SEK 148 thousand and compensation for social security costs amount to SEK 148 thousand (for Board

fees invoiced by companies). This in accordance with the decision made by the AGM. The 10 (11) other senior executives received salary and remuneration during 2016 with a total amount of SEK 18,642 (17,446) thousand, of which the variable part amounted to SEK 4,123 (3,447) thousand. The variable part is based on result that are quantitative as well as qualitative. Social security contribution amounted to SEK 5,989 (5,613) as well as taxes on pension payments of SEK 704 (644) thousand. Pension premiums amounted to SEK 2,900 (2,727) thousand. During 2016 other senior executives acquired 60,000 warrants at market price. The market price for these warrants at time of allotment amounted to SEK 220 thousand and thereby also received 60,000 matching warrants with a total value of SEK 220 thousand, conditioned by employment in May and November 2019. During 2015 other

senior executives acquired 25,000 warrants at a fair value of SEK 73 thousand. And thereby were also granted 25,000 matching warrants with a total value of SEK 73 thousand, conditioned by employment in May and November 2018. Other senior executives have a mutual term of notice of 3–6 months and in most cases are entitled to severance pay equivalent to 3–6 months on notice given by the company. The retirement age for all other senior executives is 65 years. Matters relating to salary and remuneration paid to other senior executives were decided by the CEO of HiQ International, in certain cases following consultation with the chairman of the Board. The information above applies to the parent company as well as for the group.

### 30. Group companies

#### Specification of the Parent Company's and the Group's shares in Group companies:

Name	Corporate ID	Registered office	Country	Shares	Share of capital	Book value (SEK thousand)
Great Apes OY	2230363-5	Helsinki	Finland	300	100%	20,652
HiQ København A/S	20851147	Kastrup	Denmark	500	100%	3,495
HiQ Finland OY	0648086-9	Espoo	Finland	600	100%	273,921
ZAO MobilEyes INN	7707281246	Moskva	Russia	69,042	100%	2,545
HiQ Accelerated Concept Evaluation AB	556640-3415	Linköping	Sweden	523,600	100%	26,849
HiQ Computer and Audio-Technical Systems AB	556194-0403	Stockholm	Sweden	10,000	100%	1,200
HiQ Göteborg AB	556244-6384	Göteborg	Sweden	1,020	100%	44,798
HiQ Karlskrona AB	556534-5336	Karlskrona	Sweden	1,000	100%	600
HiQ Linköping AB	556738-3400	Linköping	Sweden	1,000	100%	1,100
HiQ MobilEyes AB	556563-2345	Stockholm	Sweden	1,000	100%	9,767
HiQ Mälardalen AB	556443-8736	Lidingö	Sweden	1,000	100%	215
HiQ Skåne AB	556628-0136	Lund	Sweden	1,000	100%	100
HiQ Stockholm AB	556506-5819	Stockholm	Sweden	1,000	100%	41,532
<b>Total</b>						<b>426,774</b>

#### Parent Company (SEK thousand)

	2016	2015
<b>Acquisition value</b>		
At beginning of year	561,145	552,145
Acquisition Great Apes	20,652	–
Given Group contributions	8,000	9,000
<b>At end of year</b>	<b>589,797</b>	<b>561,145</b>
<b>Accumulated write-downs</b>		
At beginning of year	– 155,023	– 146,023
Write-downs	– 8,000	– 9,000
<b>At end of year</b>	<b>– 163,023</b>	<b>– 155,023</b>
<b>Book value of shares in Group companies</b>	<b>426,774</b>	<b>406,122</b>

All Group companies provide consultancy services.

### 31. Business combination

On 31 August 2016 the parent company acquired 100% of the share capital of Great Apes OY, a digital design- and development agency in Helsinki. The acquisition strengthens the Group's market position in Finland and adds new competences and new clients. Details of consideration, the net assets acquired and goodwill are as follows:

#### Purchase consideration

Ordinary shares issued	14,374
Cash paid	225
Contingent consideration	5,706
<b>Total purchase consideration</b>	<b>20,305</b>

The fair value of the 257,832 shares issued as part of the consideration paid was based on the published share price on 30 August 2016 of SEK 55.75 per share.

The assets and liabilities recognised as a result of the acquisition are as follows:

#### Fair value

Cash	2,457
Other operating assets	1,069
Plant and equipment	15
Intangible assets: customer contracts	3,339
Other liabilities	-1,065
Deferred tax liabilities	-461
Net identifiable assets acquired	5,354
Goodwill	16,488
<b>Net assets acquired</b>	<b>21,842</b>

In the event that certain pre-determined operating profit levels are reached for the financial year 2016 and 2017, respectively, an additional consideration of up to 400,000 EUR and 200,000 EUR may be payable. The additional consideration for 2016 should be paid in shares and the additional consideration for 2017 should be paid in cash. After the end of the reporting period, the additional consideration for 2016 has been settled with 400,000 EUR through a set-off issue of 59,140 HiQ shares.

The goodwill is attributable to the profitability of the acquired business and the strong market position. It will not be deductible for tax purposes. There were no acquisitions in the year ending 31 December 2015.

### 32. Cash flow from operating activities

	Group		Parent Company	
	2016	2015	2016	2015
<b>Interests paid and dividends received</b>				
Interest received	286	297	39	72
Interest paid	-417	-382	-107	-191
<b>Total</b>	<b>-131</b>	<b>-85</b>	<b>-68</b>	<b>-119</b>

	Group		Parent Company	
	2016	2015	2016	2015
<b>Adjustments for items not included in cash flow</b>				
Anticipated dividends from Group companies	—	—	—	—
Depreciation	10,992	9,870	365	583
Provisions	-5,706	-391	—	—
Write-down of shares in Group companies	—	—	8,000	9,000
<b>Total</b>	<b>5,286</b>	<b>9,479</b>	<b>8,365</b>	<b>9,583</b>

	Group		Parent Company	
	2016	2015	2016	2015
<b>Transactions not leading to payments</b>				
Acquisition of assets by financial leasing	9,025	7,479	0	0

	2016	2015	2016	2015
<b>Cash and cash equivalents (SEK thousand)</b>				
The following components are included in the liquid assets:				
Cash and cash equivalents	204,262	212,414	125,739	136,565
<b>Total cash and cash equivalents</b>	<b>204,262</b>	<b>212,414</b>	<b>125,739</b>	<b>136,565</b>

The Parent Company (and thereby the Group) has an unutilised overdraft facility of SEK 50 million.

### 33. Related-party transactions

#### Related-party relations:

The parent company has at related-party relation to its subsidiaries (note 30).

Purchases and net sales, Group Internal, Parent Company (SEK thousand)	2016	2015
Net sales to Group companies	43,596	33,708
Purchases from Group companies	7,732	3,140
Interest income from Group companies	28	22
Interest expenses to Group companies	0	190
Results from shares in Group companies, Parent Company (SEK thousand)	2016	2015
Dividends received from Group companies	45,900	55,304
Received Group contributions	130,000	105,000
Write-down of shares in Group companies	-8,000	-9,000
<b>Total</b>	<b>167,900</b>	<b>151,304</b>

#### Transactions with senior executives

Remuneration to Board members have, according to a decision made by the Annual General Meeting, been paid with an amount of SEK1,865 (1,990) thousand. In addition, SEK 46 (68) thousand have been paid as reimbursement of travel and accommodation expenses in connection with the Board work. No loans have been given to the Board members or any senior executives. For further information regarding benefits for senior executives, please refer to note 29.

#### Transactions with associated companies

Group companies have paid rents to associates with SEK 563 (517) thousand.

### 34. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### A. Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 12). In note 12 a

sensitivity analysis regarding the value of the Group's goodwill is presented. An impairment of goodwill would effect the Group's profit as well as the equity of the Group. However, the cash flow would not be effected.

#### B. Revenue recognition

The Group applies the percentage of completion method in recognising revenues in fixed price contracts. The percentage of completion method requires estimates regarding the proportion of services performed (out of the total services required for the fixed price contract) on the balance sheet date. If the proportion between estimated performed services and total services would differ by 10% from the Management's assessment, net sales would increase if the performed proportion would have increased and decreased if the performed proportion would have decreased. The impact at the year-end is marginal due to the current low amount of fixed priced projects.

### 35. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall policy is to minimising the potential adverse effects on the Group's financial performance arising from these risks. The risk management is carried out centrally as well as decentralised by the subsidiaries, according to the Group's policies and guidelines.

#### A. Market risk

##### Foreign exchange risk

HiQ has operations mainly in Sweden, Finland, Denmark and Russia. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Most of the company's operations are local, i.e. income and expenses are in the same currency,



which decreases the exposure to foreign exchange risks. In some cases, sales are made in a different currency from that in which the costs of producing the services were incurred. In cases where revenues and expenses are in different currencies the foreign exchange risk increases. Because of its limited foreign exchange exposure, HiQ does not currently employ any form of currency hedging. The company could be affected by substantial foreign exchange rate fluctuations, but we consider this risk to be small. The currency breakdown of the Group's incoming payments is SEK 81%, Euro 18% and other currencies 1%. For outgoing payments the breakdown is SEK 82%, Euro 16% and other currencies 2%. If the Swedish Crown had strengthened/weakened by 10% against the Euro (with all other variables held constant) the net profit 2016 would have been approximately SEK 6 million lower/higher. Equity would have been approximately SEK 29 million higher/lower, mainly as a result of foreign exchange difference on translation of goodwill. The Group has investments in foreign entities whose net assets are exposed to foreign exchange risks. The foreign exchange exposure arising from this are not hedged. All together HiQ's currency exposure is judged to be very limited.

#### Cash flow and interest rate risk and fair values

As the Group has no significant interest-bearing assets, except cash at bank accounts, the Group's income and cash flows are substantially independent of changes in market interest rates. Borrowings issued at fixed rates could expose the Group to interest rate risk. Financial leasing agreements as well as the Group's credit facility are at variable interest rates. Therefore no interest rate regarding fair values arise. An increase in the average interest rate on financial leasing with 1 percentage point would effect the Group's profit negatively with approximately SEK 0.3 million. From time to time the Group's surplus liquidity could be invested in short-term investments exposed to some (low) price risk. The risk is regarded as low, due to the short duration of the investments. By the end of 2016 the Group had SEK 0 (0) million in short-term investments.

#### B. Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. Most of HiQ's assignments are charged on account, i.e. time spent is invoiced monthly. 98% of net sales is charged on account, while fixed-price assignments, i.e. projects charged according to a fixed schedule, accounting for the remaining 2%. Projects charged on account are invoiced monthly or at the conclusion of the project. Payment is normally due within 30 days, although shorter and longer payment periods occasionally apply. Each week, accounts receivables are followed up to ensure that payment terms are met. Interest is charged on late payments and unpaid invoices are referred to a debt collection agency. Most of HiQ's clients are large and well-established. The ten largest clients account for about 36% of net sales and include Ericsson, Volvo Group and Skatteverket. New clients are subject to credit checks. Actual bad debts have historically been low. For further information regarding bad debts, please refer to note 17.

#### C. Liquidity risk

Liquidity risk is managed by maintaining sufficient cash and short-term investments and the availability of funding through an adequate amount of committed credit facilities. The management forecasts the Group liquidity (cash and cash equivalents and credit facilities) based upon forecasted cash flows. HiQ's liquidity is very good. Cash flow before investments in 2016 was SEK 131.7 (157.1) million and on 31 December 2016 cash and cash equivalents amounted to SEK 204.3 (212.4) million.

The table below analyses the due date for the Group's financial liabilities, based on time left to due date. The amounts presented are nominal values.

As of 31 December 2016	Less than 3 months	Between 3 months and 1 year	More than 1 year
Financial debt (excluding Financial leasing)	—	—	151
Financial leasing	1,472	4,415	25,356
Accounts payable, trade	65,136	—	—
Other liabilities	95,240	—	—
As of 31 December 2015	Less than 3 months	Between 3 months and 1 year	More than 1 year
Financial debt (excluding Financial leasing)	—	—	946
Financial leasing	1,300	3,899	22,907
Accounts payable, trade	58,446	—	—
Other liabilities	86,713	—	—

### Management of capital risk

The Group's aims as regards its capital structure are to safeguard the Group's ability to continue its operations, such that it can continue to generate a return for shareholders and benefits for other stakeholders, and to maintain a capital structure that – against this background – keeps capital costs down. To maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders,

issue new shares or sell assets in order to reduce debts. A consultancy company such as HiQ has a limited asset-based security base for borrowing. The Group's strategy in 2016, which as unchanged from 2015, was to maintain positive net funds. As of 31 December 2016 financial net funds amounted to SEK 172.9 million (SEK 183.4 million as of 31 December 2015).

### 36. Events after the reporting period

After the end of the reporting period, the Board has decided to issue shares against set-off payment in order to settle additional payment to the sellers of Great Apes. Thereby, 59,140 shares in HiQ has been issued to an amount of SEK 3.8 million.

The number of outstanding shares and votes after the issue amounts to 54,772,245. No other substantial events have occurred after the reporting period.

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The Board of Directors and the Managing Director declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and gives a true and fair view of the Parent Company's financial position

and results of operations. The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 28 February 2017

**Gunnel Duveblad**  
Chairman of the Board

**Ulrika Hagdahl**  
Member of the Board

**Erik Hallberg**  
Member of the Board

**Johanna Fagrell Köhler**  
Member of the Board

**Ken Gerhardsen**  
Member of the Board

**Raimo Lind**  
Member of the Board

**Lars Stugemo**  
Member of the Board and Chief  
Executive Officer

Our Auditors' report for this annual report was submitted on 28 February 2017.

PricewaterhouseCoopers AB

**Nicklas Kullberg**  
Authorised Public Accountant

# AUDITOR'S REPORT

To the general meeting of the shareholders of HiQ International AB (publ), corporate identity number 556529-3205

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of HiQ International AB (publ) for the year 2016 except for the corporate governance statement on pages 31–35. The annual accounts and consolidated accounts of the company are included on pages 28–72 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 31–35. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Our audit approach

### Overview

– Overall materiality level: MSEK 9, which is equivalent to 5 % of total profit before tax.

– The Group has significant revenue due to services provided, which of the majority is invoiced based on current basis according to framework agreements. Significant risks is cut-off of revenue, existence of accounts receivables and revenue recognition of fixed price commitments.

– The Group has significant intangible assets related to acquisitions. The Group prepares annual impairment tests to justify the value of these assets.

– The Group's description of the revenue recognition of fixed price contracts and the impairment testing of goodwill are described in note 34 of the annual report.

### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole (see table below). These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

**Group materiality level:** 9 million kronor (9 million kronor)

**How we determined this level:** 5 % of profit before tax

**Motivation behind the determination of the materiality level:**

We chose the profit before tax as a benchmark as we believe that this is the value that users often compare the consolidated results and because it is a widely accepted benchmark. The level of 5% is considered in the auditing standards to be an acceptable quantitative materiality threshold.

We agreed with Audit Committee that we would report identified errors in excess of 500 thousand kronor, as well as errors less than this amount but which we deemed should be reported for qualitative reasons.

#### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were most significant in our audit of the annual accounts and consolidated accounts of the actual period. These matters were addressed in our audit of, and in forming our opinion there on, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
<b>Revenue recognition</b> Significant risks is cut-off of revenue, existence of accounts receivables and revenue recognition of fixed price commitments.	We have in our audit reviewed a sample of timesheets, invoices and estimates of the percentage of completion of fixed-price commitments to ensure that the Group's revenue recognition is accounted for in the correct period. We have also completed a follow-up testing of payments of significant accounts receivables at year-end.
<b>Valuation of intangible assets</b> Risk of impairment of intangible assets.	We have audited the Group's impairment tests for the cash-generating units. Our tests have consisted of control calculations and methodological orientation and feasibility assessments of assumptions.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

## **Report on other legal and regulatory requirements**

### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of HiQ International AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### **The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 31–35 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 28 February 2017  
PricewaterhouseCoopers AB

**Nicklas Kullberg**  
Authorized Public Accountant

# ALTERNATIVE PERFORMANCE MEASURES

HiQ uses a number of alternative performance measures in order to convey a fair picture of HiQ's results and financial position. Below are definitions of the alternative performance measures used. The numbers written within brackets are a calculation of the performance measures for the financial year 2016.

## Operating margin

Operating profit/loss for the period, in relation to net sales for the period  $[207,907 / 1,659,426 = 12.5\%]$

## Profit margin

Pre-tax profit for the period, in relation to net sales for the period  $[207,447 / 1,659,426 = 12.5\%]$

## Net interest income

Financial income, less financial costs  $[531 - 991 = -460]$

## Interest bearing net funds

Liquid assets, less interest bearing debts  
(at the end of the period)  $[204,262 - 25,508 - 5,887 = 172,867]$

## Equity/assets ratio

Shareholders' equity as a percentage of total assets  
(at the end of the period)  $[777,566 / 1,123,162 = 69.2\%]$

## Capital employed

Equity and interest bearing debt (at the end of the period)  
 $[777,566 + 25,508 + 5,887 = 808,961]$

## Operating capital

Capital employed, less liquid assets  
 $[808,961 - 204,262 = 604,699]$

## Return on operating capital

Operating profit/loss in relation to average operating capital  
 $[207,907 / [(534,655 + 604,699)/2] = 36.5\%]$

## Net sales per employee

Net sales in relation to average number of employees  
 $[1,659,426 / 1,361 = 1,219]$

## Added value per employee

Operating profit/loss plus salaries and salary related expenses, in relation to average number of employees  
 $[(207,907 + 1,075,886) / 1,361 = 943]$

## Operating profit per employee

Operating profit/loss in relation to average number of employees  $[207,907 / 1,361 = 153]$

## Equity/share

Shareholders' equity in relation to total number of outstanding shares (at the end of the period)  $[777,566 / 54,713 = 14.21]$



# BOARD OF DIRECTORS

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## 1. GUNNEL DUVEBLAD

Born 1955. Computer Science, Umeå University. Chairman of the Board since 2016 and member of the board member since 2007. Managing Director, EDS North Europe 2002– 2006. Employed within IBM 1977–2002, holding various management positions within IBM at Nordic and European level. Other assignments: Chairman of the boards of i.e. Team Olivia Group AB, Global Scanning A/S and Stiftelsen Ruter Dam. Member of the boards of i.e. Sweco and PostNord. Holdings in HiQ: 7,000 shares.

## 2. LARS STUGEMO

Born 1961. Master of science Electrical Engineering, Royal Institute of Technology. President and CEO of HiQ International since 2000. Employed since March 1995. Managing Director, HiQ Data AB 1998–2000. Other assignments: Chairman of the Board Kambi Group Plc and member of Avd VI The Royal Swedish Academy of Engineering Sciences (IVA). Holdings in HiQ: 256,651 shares, 15,000 warrants, 15,000 matching warrants.

## 3. ULRIKA HAGDAHL

Born 1962, Master of science Engineering Physics, Royal Institute of Technology. Board member since 2012. Founder of Orc Software AB, Head of Development Orc Software 1987–1990, President and CEO Orc Software AB 1990–2000. Other assignments: Member of the board of Beijer Electronics AB and Image Systems AB.

## 4. RAIMO LIND

Born 1953. Master Degree Economics, Helsinki School of Economics. Board member since 2013. CFO of Wärtsilä Oyj 1998–2013, deputy MD since 2005. Worked for Wärtsilä 1976–1989 with positions both in Finland and abroad. CFO and management positions at Tamrock Oy 1992–1998, MD Scantrailer Ajoneuvoteollisuus Oy 1990–1991. Other assignments: Chairman of the board of Elisa Oyj, Evac Group Oy and Nest Capital. Member of the board & chairman of the audit committee Nokian Tyres. Holdings in HiQ: 2,040 shares.



#### 5. KEN GERHARDSEN

Born 1952. Master of science Engineering Physics, Linköping Institute of Technology. Board member since 1995. President and CEO of HiQ International AB until February 2000. Other assignments: Member of the board of Stockholm Text. Holdings in HiQ: 25,557 shares.

#### 6. JOHANNA FAGRELL KÖHLER

Born 1966. Master's Degree International Economics, French, University of Lund. Board member since 2011. President and CEO Mobiento 2011-2013. CEO ONE Media Holding 2005-2010. MD Summer Design AB 2002-2005. Business Area Manager IconMedialab 1998-2002. Other assignments: Chairman of the board of Independent Hotel Group AB, Glimr AB and FSport AB. Member of i.e. the boards of Butikskonsult AB, S-group AB, Engaging Care AB and Åkesson & Curry AB.

#### 7. ERIK HALLBERG

Born 1956. Engineer in Machine Technology. Board member since 2012. Active in Telia Company 1999-2016 as (among other) MDTelia International Carrier, responsible for operations in the Baltic states, responsible broadband Sweden and Mobile Sweden. Board member of Toigo Spain and as EVP 2013-2016. Other assignments: Board member Telia Carrier AB. Chairman of the board Zynapp AB, board member Fidesmo AB and advisor to Mobicast AB. Holdings in HiQ: 1,000 shares.

Holdings include related party holdings and holdings through companies.

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#### AUDITOR: PRICEWATERHOUSECOOPERS AB

Responsible auditor Nicklas Kullberg, born 1970. Authorised Public Accountant. Auditor of HiQ since 2010.

# MANAGE —MENT

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## 1. LARS STUGEMO

Born 1961. Master of science Electrical Engineering, Royal Institute of Technology. President and CEO of HiQ International since 2000. Employed since March 1995. Managing Director, HiQ Data AB 1998–2000. Other assignments: Chairman of the Board Kambi Group Plc and member of Avd VI The Royal Swedish Academy of Engineering Sciences (IVA). Holdings in HiQ: 256,651 shares, 15,000 warrants, 15,000 matching warrants.

## 2. JERKER LINDSTÉN

Born 1971. Managing Director, HiQ Göteborg since 2004. Master of science Automation Engineering, Chalmers University of Technology 1995. Employed since 2004. Previous positions: Regional Manager, Sales Manager, Framfab Region West; Business Area Manager, etc., Telia. Holdings in HiQ: 42,000 shares, 30,000 warrants, 30,000 matching warrants.

## 3. MIKAEL TENG

Born 1964. Business development, HiQ International since 2007. Master of science Engineering, Royal Institute of Technology 1990. Employed since 1998. Previous positions: Global Account Manager and consultant, HiQ Stockholm; Manager, Accenture; Consultant, Tieto Enator; SW Engineer, Oerlikon Contraves AG, Switzerland. Holdings in HiQ: 20,000 warrants and 20,000 matching warrants.

## 4. FREDRIK MALM

Born 1974. CFO, HiQ International since 2002. M.Sc. Business and Economics, Stockholm School of Economics 1997. Employed since 2002. Previous positions: Corporate Finance, Enskilda Securities; Corporate Finance, Nordea Securities; Holdings in HiQ: 52,000 shares, 12,500 warrants, 12,500 matching warrants.

## 5. MAGNUS GUDÉHN

Born 1962. Managing Director, HiQ Stockholm since 2013. Master of Science Mechatronics, Royal Institute of Technology, 1986. Employed since 1995. Business Area Manager 2008–2013, MD HiQ Cats 2005–2008, consultant manager 1999–2005. Previous positions: project manager, architect and developer at Enator and Logica Sydney. Holdings in HiQ: 10,000 shares, 30,000 warrants, 30,000 matching warrants.

## 6. PATRIK HOLM

Born 1966. Managing Director, HiQ Ace since 2009. Master of Science Industrial Economics, Linköping Institute of Technology 1993. Employed since 2008. Previous positions: Senior Vice President, Enea Nordic Services; Managing Director, Enea Systems AB; Managing Director, Enea Epact AB. Holdings in HiQ: 36,624 shares.





### 7. JUKKA RAUTIO

Born 1974. Managing Director, HiQ Finland since 2010, Managing Director HiQ Quality Services Oy 2008-2010. Master of Science 2001, Oulu University. Employed since 2008. Previous positions: Founder and MD, TSG Test Solutions. Holdings in HiQ: 155,000 shares.

### 8. ANNA KLEINE

Born 1973. Managing Director, HiQ Skåne since 2012. Bachelor of Science, Information technology, University of Lund 1999. Employed since 2003. Previous positions: consultant, sales and business area manager at HiQ; consultant and project manager, Telia ProSoft AB. Other assignments: Member of the boards of Mobile Heights and Länsförsäkringar Skåne.

### 9. ANDERS NILSSON

Born 1970. Managing Director, HiQ Mälardalen since 2004. Graduate Engineer 1990. Employed since 2000. Previous positions: Project Manager, Celsius Test Systems; Product Manager, Volvo Aero Support; Licence Engineer, ABB. Holdings in HiQ: 2,840 shares, 4,000 warrants, 4,000 matching warrants.

### 10. KLAS NYSTRÖM

Born 1955. Managing Director, HiQ Karlskrona since 2007. Naval Officer. Employed since 2007. Previous positions: Various positions at Telenor, Founder and Vice President of Testbolaget Sverige, Ericsson, Lieutenant-Commander in the Swedish Navy.

### 11. MAGNUS GENS

Born 1975. Business development, HiQ International since 2017. Master of Science in Vehicle Engineering, Royal Institute of Technology, 2001. Employed since 2015. Previous positions: Combitech, Assistera, Ericsson. Holdings in HiQ: 4,000 warrants and 4,000 matching warrants.

Holdings include related party holdings and holdings through companies.

HiQ